

Annual Corporate Governance Report 2020

Introduction

Part A

The Board of Directors (the 'Board') of the Bank of Cyprus Holdings Plc (the 'Company') is committed to the highest standards of corporate governance designed to protect the long-term interests of shareholders and all other stakeholders. It aims to ensure on an ongoing basis that the Company is a modern, transparent, competitive and sustainable organisation. A key objective of the governance framework of the Company together with its subsidiaries (the 'Group') is to ensure compliance with applicable corporate governance requirements which in 2020 comprised of:

- The Central Bank of Cyprus ('CBC') Directive on Governance and Management Arrangements of ACIs (the 'CBC Directive on Governance') (available on www.centralbank.cy);
- The European Banking Authority ('EBA') Guidelines on internal governance under Directive 2013/36/EU;
- The Code of Corporate Governance of the Cyprus Stock Exchange (5th revised edition – January 2019) (the 'CSE Code') (available on www.cse.com.cy);
- The UK Corporate Governance Code 2018 published by the Financial Reporting Council in the UK (the 'UK Code' which is available on www.frc.org.uk);
- The Joint European Securities and Markets Authority ('ESMA') and EBA Guidelines on the assessment of the suitability of members of the management body ('The Joint Guidelines on Suitability');
- The CBC Directive on the assessment of the suitability of members of the management body and Key Function Holders (the 'CBC Directive on Suitability') (available on www.centralbank.cy).

Sound corporate governance and corporate administration guarantee a dynamic and effective communication between the Board, the management and the shareholders and consequently the successful implementation of the Group's strategy. It has therefore been the policy of the Company to fully adhere to the CSE Code and comply with all applicable corporate governance requirements. All provisions of the CSE Code have been incorporated in the Company's Corporate Governance Policy and all its principles are fully implemented. The policy together with the Board Manual, the terms of reference of the Board committees and the practices of the Board and its committees, constitute important foundations for maximising shareholder value. Corporate governance principles are constantly evolving, and the Board is committed to monitoring and reviewing its corporate governance framework accordingly.

Part B

The Company confirms that it has complied with the provisions of the CSE Code throughout 2020. The Company applies the provisions of the Code throughout the Group. As at the date of this Report, all material subsidiary companies maintain an audit committee and a risk committee. Details of how the Company has applied the provisions of the CSE Code throughout 2020 are set out in this Corporate Governance Report and in the Remuneration Policy Report on page 325.

The Directors further consider that the Company has complied with the provisions of the UK Code, other than as set out herein:

- The announcement of the voting results at the 2020 AGM did not state that the Board would be taking follow up action of the resolution which was voted against by more than 20% of shareholders, nor was there an update six months later of the actions taken to understand the viewpoint of the shareholders. However, discussions with shareholders did take place and the result was the nomination of Mr. Iordanou to the Board by several institutional investors. An update is included in this report in section 1.2.2 on page 281.
- The composition of the Human Resources & Remuneration Committee and the Risk Committee for the period from 1 June to December 2020 did not meet the provisions of the UK Code. By virtue of the CBC Directive on Suitability Mr. Goldman is considered as a non-independent non-executive director even though the Board believes that Mr. Goldman demonstrates independent judgement and challenge.

The narrative that follows also covers how the Company has applied the principles, provisions and disclosure requirements set out in the UK Code.

The Board considers that the Group's governance arrangements are robust and include a clear organisational structure with well defined, transparent and consistent lines of responsibility which support the maintenance of a robust control environment. These governance arrangements also include consistent authority limits, reporting mechanisms to higher levels of management and the Board, as well as effective processes through which to identify, manage, monitor and report risks to which the Group is or might be exposed. They provide systems of checks and controls to ensure accountability and drive better decision-making, supported by policies and procedures which ensure the Board and its committees operate effectively.

Introduction (continued)

Part B (continued)

The Group has appropriate internal control mechanisms including sound administrative and accounting procedures, Information Technology ('IT') systems and controls.

In accordance with section 225 of the Irish Companies Act 2014, the Directors acknowledge that they are responsible for securing the Company's compliance with its relevant obligations (as defined in section 225(1)). The Directors confirm that a compliance statement has been drawn up setting out the Company's policies and that appropriate arrangements and structures have been put in place that are, in the Directors' opinion, designed to secure material compliance with the relevant obligations. The Board continually monitors and reviews internally, at least once a year, its governance framework and that of the Group's subsidiary companies (where applicable) through effective oversight.

In 2019, the Group's operational structure was re-organised to refresh the executive team and ensure it has the right mix of skills and experience to deliver the strategic priorities of the Group. These priorities include significant de-risking of the balance sheet; modernising the ways and habits of doing business; and positioning the Group for the new digital era.

1. Board of Directors

The Board derives its authority to act from the Articles of Association of the Company and the prevailing companies, stock exchange and banking laws, the directives of the CBC, as well as the CSE and UK Codes. The role of the Board and its committees is well described and analysed in the Board Manual that is annually reviewed and incorporates all responsibilities that emanate from the regulatory framework and best practices.

The Company is the sole shareholder of Bank of Cyprus PCL ('BOC PCL' or 'the Bank'). A common board and committee structure applies, with the same directors sitting on the Board of Directors of the Company and on the Board of Directors of BOC PCL and on the committees of each of the two Boards.

The Board sets the Group's strategic objectives and risk appetite to support the strategy; integrates sustainability into the way business is conducted; ensures that the necessary financial and human resources are in place for the Group to meet its objectives; ensures that the Group's purpose, values, strategy and culture are all aligned and reviews management performance in that regard. The Board also ensures that its obligations towards its shareholders and other stakeholders are understood and met. The Board recognises the need to be adaptable and flexible to respond to changing circumstances and emerging business priorities, whilst ensuring the continuous monitoring and oversight of core issues.

The Board has delegated authority to committees of the Board to support its oversight of risk and control. The committee terms of reference are reviewed annually by the relevant committees and by the Board and are available on the Group's website www.bankofcyprus.com or by request to the Company Secretary.

Appropriate cross-membership of key Board committees, including between the Audit Committee ('AC') and the Risk Committee ('RC') and Human Resources and Remuneration Committee ('HRRC') and the Risk Committee, is ensured. The Nominations and Corporate Governance Committee ('NCGC') reviews the composition and purpose of the Board committees annually on behalf of the Board. Details of these committees are set out in section 5 of this report.

The minutes of all meetings of Board committees are circulated to all directors for information and are formally noted by the Board. Papers for all Board committee meetings are also made available to all directors, irrespective of membership. Where there might be a conflict of interest or issues of personal confidentiality, circulation of minutes and papers is restricted. The chairperson of each committee reports on matters discussed during committee meetings to the subsequent scheduled meeting of the Board.

1.1 The Role of the Board

The Board of Directors is collectively responsible for the long-term success of the Group, and is committed to effective leadership which contributes to wider society. The Board's role is to promote the Group's vision, values, culture and behaviour, within a framework of prudent and effective controls, which enables risk to be identified, assessed, measured and managed. The Board approves the Group Risk Framework on an annual basis and receives regular updates on the Group's risk environment and exposure to the Group's material risk types.

1. Board of Directors (continued)

1.1 The Role of the Board (continued)

The Board is responsible for ensuring that management maintains an appropriate system of internal controls which provides ongoing assurance of effective operations, internal financial controls and compliance with rules and regulations. Furthermore, the Board has the responsibility to present a fair, balanced and understandable assessment of the Company's position and prospects, including in relation to the annual and interim financial statements and other price-sensitive public reports and reports required by regulators and by law.

The Board is the decision-making body for all matters of importance because of their strategic, financial or reputational implications or consequences. A formal schedule of matters reserved for approval by the Board ensures that control of these key decisions is maintained by the Board. The schedule is reviewed and updated regularly. Matters requiring Board approval include amongst others:

- *Strategy and Risk Appetite*
 - The Group's long-term objectives and strategy;
 - The overall risk policy and risk management procedures;
 - The Group's Risk Appetite Statement;
- *Group Structure and Capital*
 - Material changes relating to the Group's capital structure including reduction of capital, share issues;
- *Financial Reporting and Controls*
 - The half-yearly report, annual report and accounts;
 - Receiving reports on, and reviewing annually, the effectiveness of the Group's risk and control processes to support its strategy and objectives in the context of its Risk Appetite;
- *Transactions*
 - Capital expenditures for amounts over €20 million;
 - Unusual transactions;
 - Mergers, acquisitions and disposals of the Group's assets for amounts over €20 million;
 - Approval of intra-group guarantees, indemnities and security;
- *Management*
 - The annual and three-year budgets and business plans;
 - Overseeing organisational structure;
- *Corporate Governance*
 - Directors' conflicts of interest;
 - Succession planning for the Board and Senior Executive Management;
 - The selection, appointment, re-appointment of directors of the Company and the termination of the services of the Chief Executive Officer;
 - Overseeing the corporate governance and succession planning framework; setting the right tone; and promoting the appropriate culture, values and ethics of the Group;
- *Remuneration and Human Resources Matters*
 - The overall Remuneration Policy;
 - The introduction of new employee share plans or material changes to existing plans, to be put to shareholders for approval, following recommendation by the HRRC.

Moreover, the Board is responsible for endorsing the appointment of individuals who may have a material impact on the risk profile of the Group. Their appropriateness for the role is monitored on an ongoing basis. The removal from office of the head of a control function is also subject to Board approval. A full schedule of matters reserved for the Board can be found at www.bankofcyprus.com.

1. Board of Directors (continued)

1.1 The Role of the Board (continued)

Stakeholders

Good governance generates mutual trust and engagement between the Company and its stakeholders. The Board recognises that the relationship with the Group's stakeholders is a critical component of the drive towards sustained and sustainable growth. Responding to the concerns of stakeholders is a key element of the Group's corporate responsibility and transparency projects and initiatives. The Group has identified, inter alia, the following key stakeholders: regulators, society, suppliers, customers, shareholders and employees.

The Board spends time engaging with relevant stakeholders, including employees, clients, investors and regulators to better understand their views and perspectives. The Board will continue to enhance the mechanism to ensuring that the Group's stakeholders are given due regard and consideration as part of the Board's decision-making.

This section describes the ways the Board takes into account in its discussions and decision making, the interests of stakeholders and the matters set out in section 172 of the Companies Act.

The Chairperson, members of the Board and members of Senior Management regularly meet with regulators including the Joint Supervisory Team ('JST') and the Central Bank of Cyprus ('CBC'), the European Central Bank ('ECB') and others. Discussions include regulation and supervision, risk governance and oversight, the future of the banking industry, climate-related and environmental risks, strategic challenges and rebuilding culture. The Board is regularly updated on these meetings.

The Board has further enhanced its governance structure to provide better oversight and responsibility of the Group's sustainability strategy. According to the Group's Environmental and Social Policy, approved by the Board, environmental and climate protection are among the crucial global challenges of our time. The Group takes these concerns into account in every aspect of its business and is working towards minimising its environmental footprint. It commits itself to implementing certain policies and procedures focusing on environmental and social issues in its lending and insurance activities by specific criteria. Under these procedures credit applications are screened for negative environmental and social impact. Moreover, certain lending sectors which may have negative social aspects are considered undesirable.

In 2019, the Company adopted the United Nations 2030 Agenda, as represented by the Sustainable Development Goals (SDGs) for 2030, which provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. The Group's management has decided that the Company should actively contribute to the achievement of the SDGs and work effectively with its stakeholders to accelerate inclusive growth, to confront climate change and achieve sustainable development. To this respect the CEO has endorsed the initiative 'CEOs call to Action' for sustainable development in Europe and committed to taking actions to add value to society through a strong business purpose and ethics.

The Bank is a valid member of the Business Integrity Forum (BIF) which is an internationally recognised forum of credible corporations that form this alliance with the purpose of supporting and promoting business ethics and integrity via the adoption of a specific framework of governance guidelines, conformity with which is validated on an annual basis.

Bank of Cyprus develops initiatives that aim to improve the living conditions of the more vulnerable groups of society and preserve local culture. Following the outbreak of COVID-19 the Group in partnership with the NGO Reaction launched the network #SupportCY which includes a large number of companies and organisations, which offer material support in the form of products and services to public services performing frontline duties as well as to mobile crews providing assistance to those in need and dealing with the emergency conditions of the pandemic. Businesses, non-governmental organisations, and civil society groups are now working together in a single platform to support public authorities and government agencies to respond to this huge and unprecedented struggle. Bank of Cyprus contributes financially and organisationally to this effort. #SupportCY provides support to the Ministry of Health, the Ministry of Labour, Welfare and Social Insurance and the Ministry of Education. More information on the initiatives of the Company with respect to its role in society can be found in the Corporate Responsibility Report on www.bankofcyprus.com. The Board approved the initiative and received regular updates on the activities of the network.

The Bank maintains a Donations, Sponsorships and Partnership Policy which does not allow sponsorship of political parties or any associations or organisation related directly or indirectly to one.

1. Board of Directors (continued)

1.1 The Role of the Board (continued)

Stakeholders (continued)

The Company aims to develop healthy and mutually beneficial business relationships with its vendors and business partners. To this respect it has established a Vendor Management Unit, which operates according to the Sourcing Procurement and Vendor Management Policy approved by the Board, to ensure the prevalence of transparency, integrity, fair competition and accountability throughout the execution of the process of procurement. A structured assessment and due diligence is executed prior to selecting a supplier. The Group develops healthy partner-like relationships with major suppliers for regular consultation and procurement planning, leading to enhanced efficiencies as well as improved quality of purchased goods and services.

The Bank of Cyprus' vision is to create lifelong partnerships with its customers, guiding and supporting them in a changing world. The Group has invested in modern technology and is becoming more robust and agile to better support customer needs, align itself to best sector practice, mitigate operational risk and exceed regulation requirements. It has become a leader among all financial institutions in Cyprus on digitisation. The Digital Transformation Programme that started in 2018 focuses on three strategic pillars:

- Developing digital services and products that enhance customer experience;
- Streamlining internal processes;
- Introducing new ways of working to establish a modern workplace for its employees.

The benefits of this transformation are already enjoyed by the Bank's customers who have online access to banking services through their computer, tablets and mobile devices.

Following the outbreak of the pandemic the Bank has urged clients to limit their movements as per government guidelines. To this respect, the Bank encouraged its customers to shift to safe digital channels for most of their transactions, avoiding all physical presence in branches. It also provides incentives to customers to switch to other paperless services via online services that are either cheaper than physical services or free of charge. Moreover, customers who use the ATMs of the Bank are offered the choice to view the balance of their account on the ATM screens instead or receiving a paper printout.

The adoption of digital products and services continued to grow and gain momentum in 2020. More than 80% of all transactions involving deposits, cash withdrawals and internal/external transfers were performed through digital channels. The use of mobile banking and the rate of active QuickPay users have been steadily increasing. The mobile app has been upgraded and new features are constantly introduced.

The Bank has embarked on a revolutionary development of Digital Onboarding of clients, the 1st phase of which will go live in April 2021. The project which will support the overall Digital Transformation project of the Bank, will not just improve customer experience and timeliness of service, but contribute to the further de-risking of the Bank via the gradual termination of the professional intermediaries' channel and lastly support the environmental integrity of the Bank.

The security, protection and privacy of personal data are important to the Group and therefore the Board has approved a Data Protection Policy that outlines the principles for data privacy and preserves the customers' ability to have better control of their personal data and to pursue their rights under the EU General Data Protection Regulation ('GDPR').

Securing Bank's information and systems has been one of the most significant priorities for the Bank. To this end a multilayer defence approach is used in terms of governance and security controls. The governance model follows regulatory directives employing the three lines of defence. Management support is at the highest possible level and there is direct independent reporting to the appropriate Board committees. In parallel all its security controls follow regulatory standards (GDPR, NIS, PSD2, PCI, SWIFT) and international best practices (such as ISO 27001).

The Group has very low appetite for threats and losses arising from cyber-attacks and information misuse. Investments are thus made in terms of people to first, second and third lines of defence employing qualified security engineers, analysts and IT auditors. In addition, significant investments are made in innovative technology on a continuous basis (such as machine learning and artificial intelligence).

1. Board of Directors (continued)

1.1 The Role of the Board (continued)

Stakeholders (continued)

Further, the Group maintains a zero-tolerance policy for money laundering and terrorism financing incidents and does not accept excuses for any violations of the relevant legislation or for breaches of the Group's internal policies, procedures and its compliance framework. Strict adherence to policies and procedures is expected from every member of staff and this is reiterated in every meeting of the AC, through continuous refresher training sessions for Anti-Money Laundering ('AML') and through the KPIs of Local Compliance Officers at each unit of the Group.

The potential economic implications for the sectors where the Group is active in are constantly being assessed in order to identify possible mitigating actions for supporting the economy, such as supporting viable affected businesses and households with new lending to cover liquidity, working capital, capital expenditure and investments related to the activity of the borrower. The Bank's focus is to ensure that it continues to provide consistent competitive financing and transaction banking services to its customers, help them manage risk and maintain the integrity of the financial markets. A range of special measures were introduced in 2020 to support individuals and businesses. These included a payments moratorium on existing loans, restructuring solutions based on the Central Bank Guidelines, new credit facilities to ensure customers remain viable going concerns and other facilities.

As part of the Digital Transformation Programme, major changes are underway in relation to enabling a modern and more efficient workplace. New technologies and tools have been introduced that will drastically change the employee experience, improving collaboration and knowledge sharing across the organisation. A number of projects focusing on continuous improvements and modernisation of existing systems were set up in accordance with the Group's digital transformation strategy. A series of automations, streamlining processes and organisational innovation initiatives resulted in improved customer services, internal efficiencies and savings, in accordance with the Group's digital transformation strategy aimed at enhancing productivity and achieving a lean operating model and a lower cost base over time. BOC PCL has already begun the journey of transforming its branch network. The first model branch in Nicosia has been launched in February 2021.

The Group has set as its priority to safeguard the health and wellbeing of its employees to safely provide services to customers. Upon the outbreak of COVID 19 in March 2020, the Pandemic Incident Management Plan of the Group was invoked, and a dedicated team has been monitoring the situation domestically and globally and providing guidance on health and safety measures, travel advice and business continuity for the Group. Local government guidelines are being followed in response to the virus.

The Group adopted a set of measures to ensure minimum disruption to its operations. The measures comprise rules for quarantine of vulnerable employees due to health conditions. The Group replaced face to face meetings with telecommunications, including those with customers. Staff of critical functions have been split into separate locations. In addition, to ensure continuity of business, a number of employees have been working from home and the remote access capability of the Group has been upgraded significantly.

The Company provides value for employees by supporting wellness and well-being, creating an inclusive and fair environment, retaining, engaging and growing exceptional talents and maintaining a culture of pride. The Group dedicates itself to building and nurturing a culture of safety, development and wellness for its people and commits itself to harmonising the needs of its people with the community expectations and the business requirements. The right of association including the right to trade unions and accession to them, is constitutionally guaranteed by article 21.2 and article 11 of the European Convention on Human Rights. These rights are also reflected in article 21 of the Constitution of the Republic of Cyprus (1960, amended 2013). The Union of Banking Employees of Cyprus was registered as a trade union in 1956 and still remains the sole representative of workers in the banking sector. Almost all employees of the bank (97.6%) are members of the Cyprus Union of Bank Employees. A collective agreement is in place.

The Group recognises that its workforce is one of its most valuable assets. To this respect, it has a number of policies and practices in place that relate to talent identification, development and reward/recognition of its employees. Additionally, the Group invests in the development of its people through the provision of numerous training and development opportunities which aim to create the relevant competencies and behaviours that are appropriate and in line with the Bank's strategy.

1. Board of Directors (continued)

1.1 The Role of the Board (continued)

Stakeholders (continued)

The Board has set the reshaping of the Bank's culture as a key strategic driver of value and success. The Ethics, Conduct & Culture Committee ('ECCC') works closely with the Executive team to ensure a continued focus on the Group's culture, to achieve the Group's purpose, mission and vision and live up to the Group's Code of Ethics. The Committee together with the HRRC is working towards empowering the Group's existing engagement mechanisms between the Board and the workforce.

The Board has endorsed the slogan 'I am the Bank' which forms part of the Group's Risk and Control Programme under the auspices of the ECCC and receives regular updates on its progress; it also reviews the results of the Pulse and Staff Opinion Surveys and how these are transformed into actions in response to staff feedback. Further, the Board, through the AC reviews the effectiveness of the Whistleblowing Policy annually.

The Group through its transformation is aiming to establish itself as a stronger, investable and future-fit institution for all stakeholders. It has improved its risk profile and financial viability while improving its social and environmental approach and maximising its positive impact.

The Group plays a key role and contributes to the growth of Cyprus economy as the largest banking and financial services group in Cyprus, with a long presence and tradition. The Board recognises that the Group's performance is mainly determined by its domestic banking business and its performance is closely correlated with the face of the Cyprus economy. Though Cyprus has had a strong economic recovery in 2015-2019, the COVID-19 pandemic has led to recession in 2020. Growth in new lending is focused on the consumer, SME and corporate sectors. It is focused on selected industries that are more in line with the Company's target risk profile such as tourism, trade, real estate, professional services, information/communication technologies, energy, education, health and green projects and the focus remains to support the Cypriot economy in order to overcome the crisis.

The Company is improving its risk profile by reducing its non-performing exposures either organically or through sales of loans while enhancing its liquidity and capital positions as well as focusing on diversifying its income streams by optimising fee income from international transaction services, wealth management and insurance. The Group retains the largest market share in outstanding deposits and loans and the lion's share in credit expansion. It is also serving the insurance needs of its clients through two very efficient and dynamic insurance companies, which themselves have the largest market share in life insurance and the second largest share in the non-life insurance market.

The Group remains committed to further de-risking of the balance sheet and it will continue to seek solutions to achieve this. To this effect the Board approved the sale of Helix 2 NPE loans which is expected to be finalised in the second half of 2021. The Group will continue to assess the potential to accelerate the decrease in NPEs on the balance sheet through additional sales of NPEs. Project Helix 2 marks further progress against delivering on the Group's strategic objectives of becoming a stronger, safer and more efficient institution.

The Company facilitates direct dialogue with investors since it is striving for the greatest possible transparency. It is also working towards integrating feedback in its corporate strategy. This is achieved through participation in conferences, private meetings, frequent conference calls and on-site visits and at least quarterly updates on the results of post-corporate transactions of great significance. The Chairperson and other members of the Board maintain direct contact with investors and receive regular updates from Investor Relations, including reports on market and investment sentiment. The CEO, the Executive Director Finance and the Manager Investor Relations engaged extensively with existing shareholders and potential new investors during individual or group meetings and on roadshows and investor conferences.

The Board is closely monitoring the execution of the strategic plan and therefore regularly discusses progress against targets. The Board instils the right tone from the top; has set down the values of the Company and aims to embed them in every activity and operation of the Group. These are: integrity, transparency, accountability, confidentiality and sustainability. The Group is thus creating value for its customers, shareholders and employees.

1. Board of Directors (continued)

1.1 The Role of the Board (continued)

Leadership

There is a clear separation between the role of the Chairperson who is responsible for the leadership and effectiveness of the Board, and the Chief Executive Officer ('CEO') who is responsible for the running of the Company's business. This clear division of responsibility is documented in the Board Manual and the Corporate Governance Policy which have been approved by the Board. The Corporate Governance Policy is available on the Group's website www.bankofcyprus.com. The day to day operations of the Group have been delegated to management.

Role of the Chairperson

The Chairperson creates the conditions for the effectiveness of the Board; oversees the Board's operations ensuring the agenda cover the key strategic items confronting the Group; sets the style and tone of Board discussions; encourages the active participation of members of the Board in the discussions and activities of the Board and sets clear expectations regarding the Group's culture, values and behaviour.

The Chairperson ensures the effective functioning of the Board on all aspects of its role including:

- Ensuring that the Board determines the nature and extent of the significant risks the Group is willing to embrace in the implementation of its strategy;
- Ensuring the Board's committees are properly structured with appropriate terms of reference;
- Maintaining effective lines of communication and information between the Board and senior management;
- Ensuring that the members of the Board have sufficient time to consider strategic and other critical issues and are not faced with unrealistic deadlines for decision making;
- Regularly reviewing and agreeing with each director their training and development needs;
- Ensuring conflicts of interests are disclosed and members abstain from participating in the decision-making and voting on any matter on which they may have a conflict of interest;
- Maintaining effective communication with supervisory authorities, shareholders and other stakeholders;
- Acting on the results of Board evaluation, including by recognising the strengths and addressing the weakness of the Board and, where appropriate, proposing the appointment of new directors or seeking the resignation of directors; and
- Promoting high standards of corporate governance.

Takis Arapoglou was elected Chair on 12 June 2019.

Role of the CEO

The CEO is responsible for the execution of the approved strategy and has ultimate executive responsibility for the Group's operations, performance and compliance. In his day-to-day management of the Group, as delegated by the Board, the CEO is supported with recommendations and advice from the Executive Committee ('ExCo') which he chairs. The CEO's service contract is reviewed at least every five years. Panicos Nicolaou was appointed CEO on 1 September 2019.

Role of Vice-Chairperson

The Vice-Chair provides support and guidance to the Chair as required and in coordination with the Chair, acts as an ambassador for the Board and Group in its relationship with regulators, employees and clients; deputises the Chairperson at Board, general shareholder or other meetings when the Chair is unable to attend. Lyn Grobler was elected Vice-Chair on 1 June 2020.

Role of Senior Independent Director

The Senior Independent Director (the 'SID') is available to shareholders and members of the Board if they have concerns that have not / cannot be dealt with through normal communication channels. He provides a sounding board for the Chairperson, as well as support to the Chairperson in delivering his objectives.

He chairs an executive session of the non-executive directors to assess the performance of the Chairperson as part of the annual evaluation of Board performance and takes responsibility for an orderly succession process for the Chairperson working closely with the NCGC. He also attends meetings with major shareholders to ensure that there is a balanced understanding of the issues and concerns that they may have. Ioannis Zographakis was appointed as SID on 26 February 2019.

1. Board of Directors (continued)

1.1 The Role of the Board (continued)

1.1.1 Information and Support

The Board meets on a regular basis and has a formal schedule of matters for consideration which is annually reviewed. Performance against delivery of the agreed key financial priorities is reviewed at every meeting with particular reference to the detailed Group management accounts. The CEO and the Executive Director Finance comment on strategy, current business performance, the market, regulatory and other external developments at each meeting and present comparative data. The Board receives regular reports and presentations from other senior management on developments in the operations of the Group. The Board considers reports from each of the Board committees, while regular reports are also provided on the Group’s risk appetite, top and emerging risks, risk management, credit exposures and the Group’s loan portfolio, asset and liability management, liquidity, litigation, compliance and reputational issues.

Under the supervision of the Chairperson of the Board, the Company Secretary’s responsibilities include facilitating the flow of information within the Board and its committees, between senior management and non-executive directors and between heads of internal control functions and non-executive directors, as well as facilitating the induction, development and evaluation of members of the Board.

All members of the Board have access to the advice and services of the Company Secretary and the Corporate Governance Compliance Officer (the ‘CGCO’) who can provide relevant information related to Board procedures and the CSE and UK Codes. The Company Secretary is responsible for ensuring that the directors are provided with relevant information on a timely basis to enable them to consider issues for decision and to discharge their oversight responsibilities.

The directors also have access to the advice of the Group external legal advisors and to independent professional advice at the Group’s expense if and when required. Committees of the Board have similar access and are provided with sufficient resources to undertake their duties. The Company Secretary provides dedicated support for members of the Board on any matter relevant to the business on which they require advice separately from or additional to that available in the normal board process. All members of the Board benefit from directors’ and officers’ liability insurance in respect of legal actions against them.

Occasionally the Board holds deep dive sessions with key business lines to provide members with a deeper insight into key areas of strategic focus, enable better quality of debate and enhance knowledge. The deep dives usually include presentations and opportunity for discussion. In 2020, discussions on the Capital Plan, the Resolution Plan and the MREL Compliance Plan including discussions with the regulators took place. Other extensive discussions were on the Risk Quantification Framework, the major risks arising from the COVID-19 impact on the Bank as well as a credit portfolio overview and a presentation on the new Target Operating model.

The key areas of focus in 2020 for the Board, inter alia, were:

Group Strategy	<ul style="list-style-type: none"> • Four-year business and capital plan; • Sale of a portfolio on Non-performing exposures/trades; • Group Recovery Plan; • The Bank’s Digital Economy Platform; • Minimum Requirement of own funds and Eligible Liabilities (MREL) Funding Plan; • Sustainability Strategy; • The Bank’s contribution to environmental integrity and social equality.
Regular Updates	<ul style="list-style-type: none"> • Group Performance Report; • Finance report, including budgets, forecasts and capital positions; • Risk report; • CEO’s report; • Reports from chairpersons of committees; • Cost Management Progress.
Business environment	<ul style="list-style-type: none"> • Cyprus economic development in light of the pandemic; • Pandemic Reforecast; • Quarterly economic reports; • Investors and stakeholders’ perspectives; • Market updates and share trading activity.

1. Board of Directors (continued)

1.1 The Role of the Board (continued)

1.1.1 Information and Support (continued)

Business performance	<ul style="list-style-type: none"> • Review of business lines' strategies; • Progress of Overseas Loan Book; • Review of the progress of non-performing loans' management; • Credit portfolio overview; • Customer performance measurement framework; • Review of the performance of Corporate Finance projects.
Risk management	<ul style="list-style-type: none"> • Internal Capital Adequacy Assessment Process ('ICAAP') Report; • Internal Liquidity Adequacy Assessment process ('ILAAP') Report; • Group Risk Appetite Framework; • Moratoria on loan repayments; • Progress of implementation of SREP recommendations; • Oversight of local subsidiaries; • Litigation.
Governance and regulatory compliance	<ul style="list-style-type: none"> • Approval of appointments to the Board; • Rotation of Board committee memberships; • Board effectiveness and Chairperson's performance reviews; • Review and approval of various Group policies; • Non-financial reporting; • Succession planning; • Talent Management; • On-going supervisory dialogue and communication with regulatory authorities.

Strategy Development

The Bank of Cyprus medium-term strategic priorities remain clear, with a sustained focus on strengthening the balance sheet and improving asset quality and efficiency, whilst maintaining a good capital position, in order to continue to play a vital role in supporting the recovery of the Cypriot economy. The Group continues to explore opportunities to improve efficiency through its digital transformation programme in order to provide products and services while reducing operating costs. The strategic objectives of the Group are to become a stronger, safer and a more efficient institution capable of supporting the recovery of the Cypriot economy and delivering appropriate shareholder returns in the medium term. The key pillars of the Group's strategy are to:

- Grow revenue in a more efficient way; by enhancing revenue generation via growth in performing book and less-capital intensive banking and financial services operations;
- Improve operating efficiency; by achieving leaner operations through digitisation and automation;
- Enhance organisational resilience and ESG agenda by building a forward-looking organisation with a clear strategy supported by effective corporate governance aligned with ESG priorities.

The Group continues to deliver on its strategic priorities while supporting its customers, employees and community in which it operates. The Board spent significant time in 2020 reviewing progress against the strategy and preparing the agenda for further strategic considerations in 2021.

Detailed information relating to strategy is set out in Strategy and Outlook of the Directors' Report of the 2020 Annual Financial Report on page 27.

1.2 Composition of the Board of Directors

As at 31 December 2020, the Board comprised of twelve members: the Group Chairperson who was independent on appointment, two executive directors and nine non-executive directors. According to the provisions of the CBC Suitability Directive eight of the non-executive directors are independent. The names and brief biographical details including each director's background, experience and independent status are set out in section 4 of this report. Two non-executive directors and an executive director appointed to the Board in 2020 were subject to ECB consent at year-end.

1. Board of Directors (continued)

1.2 Composition of the Board of Directors (continued)

The Board considers a Board size of 10-12 directors appropriate to provide the full range of skills and experience necessary on the Board and to populate its committees while retaining a sense of accountability by each director for Board decisions; to govern the business effectively, while enabling full and constructive participation by all directors given the size and operations of the Group and the time demands placed on the directors.

Both on an individual and a collective basis, the directors are considered to have the range of skills, understanding, experience and expertise necessary to ensure the effective leadership of the Group and that high corporate governance standards are maintained. The NCGC leads the process for appointments to the Board and ensures plans are in place for orderly succession to both the Board and executive positions.

The Committee ensures a formal, rigorous and transparent procedure when considering candidates for appointment to the Board and maintains continuous oversight of the Board's composition to ensure it remains appropriate and has regard for its purpose, culture, major business lines, geographies, risk profile and governance requirements.

The NCGC at least annually reviews the structure, size, and composition of the Board (including skills, knowledge, experience, independence and diversity) and recommends to the Board the skills and experience required to provide sound governance oversight. These include experience in banking, insurance, markets and regulatory environments, risk management, financial management, strategy development, technology and operations experience and knowledge of law, governance, compliance and audit. Assessing the skills profile of the Board ensures that the Board and committees comprise of members having an all-embracing perception of the Group's activities and the risks associated with them. Should the overall size of the Board be altered by any appointment or resignation, a review is undertaken to ensure that the composition remains appropriate. The Board further ensures that all members commit the necessary time to executing their duties and responsibilities to the Group.

As part of the Committee's succession planning process, it has regard for the impact of expected retirements of directors and the Group's desired culture and strategic direction. As part of the process, the Committee prepares a detailed role profile, based on its analysis of the skills and experience needs and selects, where appropriate, an external search firm to facilitate the process. The Committee follows the requirements of the Group Suitability Policy which is fully aligned with the CBC Directive on Suitability (and the Joint ESMA and EBA guidelines on the assessment of the suitability of members of the management body) and ensures a robust assessment of potential candidates which includes an interview by the NCGC and recommendation to the Board prior to the submission of suitability applications to the regulator for consideration. The Committee engaged Egon Zehnder, an international search agency to support director searches conducted during the year and considered potential candidates for the position of chairperson of the AC leading to the appointment of Nicolaos Sofianos.

All potential candidates are assessed to ensure they have the ability to act with integrity, lead by example and promote the desired culture, which evidences a commitment to high standards and values.

The Board believes diversity of thinking is essential to sound decision-making and has therefore approved a Board Diversity Policy and is strongly committed to diversity across all dimensions. The Board had set a gender diversity target of 40% female members by the end of 2020. The target was not achieved in 2020 because of the resignation of Mrs Bar-Gera and the appointment of Mr. Sofianos to take up the position of AC chair; gender diversity was at 33.3% at year-end close to the target to which the Board remains committed to achieving the earliest.

The composition of the Board remains under continuous review and the NCGC maintains a constant focus on succession planning to ensure the continuation of a strong and diverse Board, which is appropriate to the Group's purpose and the industry within which it operates. The Group carries out a review of the ongoing fitness and probity of Board members on an annual basis, whereby they are required to confirm any changes in their circumstances in respect of their compliance with the CBC Directive on Suitability. All changes in circumstances disclosed are assessed and their materiality determined. Following the review of 2020, certain changes to directorships were reported. The Board concluded that each of the directors has the requisite standard of fitness, probity and financial soundness to perform his/her functions effectively and commits the necessary time for the execution of his/her duties.

1. Board of Directors (continued)

1.2 Composition of the Board of Directors (continued)

Executive Directors

The CEO is an employee of BOC PCL. The CEO's termination of employment is subject to six months' notice to that effect to be given to the executive director, without cause but at the sole discretion of BOC PCL. The First Deputy CEO ('FDCEO') who resigned in October 2020 was also an employee of BOC PCL, as is the Executive Director Finance who was appointed to the Board in September 2020 subject to ECB consent. The Executive Director Finance's employment is mainly based on the provisions of the collective agreement in place, which provides for notice or compensation by BOC PCL based on years of service and for a four-month prior written notice by the executive director in the event of a voluntary resignation as was the employment of the FDCEO.

Non-Executive Directors

Non-executive directors are responsible for monitoring executive activity and contributing to the development of strategy of the Company. They are not Company employees and do not participate in the daily management of the Group.

Their role is to constructively challenge management, to scrutinize the performance of senior management in meeting agreed goals and objectives and to monitor the reporting of the performance. Non-executive directors must also satisfy themselves on the integrity of financial information and that the systems of financial controls, compliance and risk management frameworks and the internal control framework are robust and defensible. The non-executive directors including the Chairperson and the Vice-Chair bring independent challenge and judgement to the deliberations of the Board, through their character, objectivity and integrity. As reported, Mr Maksim Goldman has been designated as non-independent by virtue of the provisions of the CBC Directive on Suitability. The Board, however, believes, that based on his performance to date, Mr. Goldman brings independent challenge and judgement to the deliberations of the Board.

Regular meetings are held between the non-executive directors in the absence of the executive directors and at least once a year in the absence of the Chairperson.

1.2.1. Meetings of the Board of Directors

A yearly planner is prepared by the Company Secretary, with input from all Board members, to map out the flow of key items of business to the Board. The Group has a comprehensive and continuous agenda setting and escalation process in place to ensure that the Board has the right information at the right time and in the right format to enable the directors to make the right decisions. The Chairperson leads the process assisted by the Company Secretary.

The process ensures that sufficient time is being set aside for strategic discussions and business critical items. Matters may be added to agendas in response to external events, non-executive directors' requests and regulatory initiatives inter alia.

The Company Secretary is closely involved in preparing the schedule of all Board and committee meetings and the agendas for these meetings, in conjunction with the Chairperson, ensuring that relevant information is dispatched timely to all members of the Board.

Agendas and papers are circulated in a timely manner prior to each meeting and all members of the Board are informed in writing of forthcoming Board meetings to allow them adequate time to review the relevant information and enable them to fully discharge their duties. Meetings packs are typically uploaded a week in advance of the meetings and communicated to all members of the Board via a secure electronic Board portal to ensure they have sufficient time to review the matters which are to be discussed and to seek clarifications or any additional information they may require.

Generally, members of the senior management team and other senior management members are invited to attend part of the meetings to ensure effective interaction with the Board. Board meetings have certain standing items such as a report from the CEO and the Executive Director Finance on Group performance, reports from the chairs of committees and updates from other senior management members. In addition to formal meetings, the Board meets as necessary to consider matters of a time-sensitive nature. The Chairperson and the chairs of each committee ensure Board and committee meetings are structured to facilitate discussions.

1. Board of Directors (continued)

1.2 Composition of the Board of Directors (continued)

1.2.1. Meetings of the Board of Directors (continued)

Committee meetings are held prior to Board meetings with the chairperson of each committee then reporting matters discussed to the Board. Topics for deep dives or additional items are discussed when required and include business, governance and regulatory update.

During 2020 the Board held 13 meetings. Only two meetings were held in the physical presence of the members. Following the outbreak of the pandemic and restrictions in travel, all ensuing meetings were held through teleconferencing. Further details on the number of the meetings of the Board and its committees and attendance by individual directors are set out below. No offsite meeting was held in 2020 due to COVID-19 restrictions in travel. During the year, the Chairperson and the non-executive directors met without the executive directors' present, to discuss a range of business matters.

The Board makes full use of technology such as teleconferencing, a Board portal and tablets in its meeting arrangements. This leads to greater flexibility, security and efficiency in Board paper distribution and meeting arrangements. Minutes and matters arising from the meetings are produced and circulated to the directors for review and feedback. Matters arising are followed up in subsequent meetings through relevant updates.

Board of Directors of BOCH 1/1/2020-31/12/2020

Name	Board of Directors	AC	HRRC	NCGC	RC
Takis Arapoglou (Chairperson)	13/13			11/11	
Maksim Goldman	13/13		5/5*	6/6**	16/17
Anat Bar-Gera ¹	5/6		6/6		
Arne Berggren	12/13	12/12		5/5*	6/6**
Lyn Grobler (Vice-Chairperson)	13/13		5/5*	11/11	
Paula Hadjisotiriou	13/13	12/12			17/17
Michael Heger	13/13	11/12	11/11		
Constantine Iordanou (subject to ECB consent)					
Eliza Livadiotou (subject to ECB consent)					
Panicos Nicolaou	13/13				
Christodoulos Patsalides ²	10/10				
Maria Philippou	13/13		11/11	5/5*	
Nicolaos Sofianos ³					
Ioannis Zographakis	13/13	12/12			17/17
Total meetings⁴	13	12	11	11	17

1 Resigned on 25 May 2020

2 Resigned 31 October 2020

3 Appointed on 26 February 2021

* Appointed to the committee 1 June 2020

** Stepped down from the committee 31 May 2020

4 The number of Board meetings at BOC PCL level was 25 during the year 2020. The attendance of these meetings can be found on page 292.

1.2.2 Terms of Appointment, Retirement and Re-election of Directors

Non-executive directors are appointed for an initial three-year term and are typically expected to serve a further term of three years, assuming satisfactory performance and subject to the needs of the business, shareholder re-election and continuing suitability. The Board may invite directors to serve additional periods. A non-executive's term of office will not extend beyond 12 years in total and any re-appointment beyond 6 cumulative years is subject to rigorous review and will take into account the need for progressive refreshing of the Board.

1. Board of Directors (continued)

1.2. Composition of the Board of Directors (continued)

1.2.2 Terms of Appointment, Retirement and Re-election of Directors (continued)

The Board may at any time appoint any person who is willing to act as director and who fulfils the criteria as these are determined in the Board Nominations Policy, either to fill a vacancy or as an addition to the existing Board, but the total number of directors should not exceed 13. Any director so appointed is subject to election at the Annual General Meeting (the 'AGM') following his/her appointment. The NCGC considers, inter alia, whether a potential director is able to devote the requisite time and attention to the Company's affairs, prior to the Board's approval of the individual's appointment.

According to the Articles of Association of the Company, all directors retire each year and if eligible offer themselves for re-election. A rigorous review of their skills, experience, independence and knowledge was carried out in March 2020 and the Board concluded that all directors continue to be effective and make a valuable contribution to the deliberations of the Board.

The following directors, being eligible, offered themselves for re-election and were elected at the AGM on 26 May 2020: Takis Arapoglou, Arne Berggren, Maksim Goldman, Lyn Grobler, Paula Hadjisotiriou, Michael Heger, Panicos Nicolaou, Christodoulos Patsalides, Maria Philippou, and Ioannis Zographakis. Nicolaos Sofianos was also elected to the Board subject to ECB consent which was provided on 26 February 2021. Mrs Anat Bar-Gera resigned from the Board effective 25 May 2020. Dr Patsalides resigned from the Board effective 31 October 2020. In September 2020 two new directors were appointed to the Board subject to ECB consent. Mrs Eliza Livadiotou, Executive Director Finance was appointed as executive director and Mr. Constantine (Dinos) Iordanou was appointed as independent non-executive director. The 2021 AGM is scheduled for 25 May 2021, and in line with previous AGMs, all directors will retire from office at the date of the AGM and offer themselves for re-election.

One of the resolutions of the AGM regarding the re-election of Maksim Goldman, received negative votes exceeding 20%. The Board, having in mind the views expressed earlier in the year by shareholders took steps prior to the AGM to announce that Mr. Goldman would not be a member of the NCGC and that he would step down as Vice-Chair. The appointment of Mr. Dinos Iordanou to the Board in September 2020 subject to ECB consent was an effort to counter the concerns of certain shareholders. The Board, remains unanimous in their view that Mr. Goldman, has practically demonstrated great commitment to his role and a high level of independence and has contributed significantly to the deliberations of the Board.

The names of directors submitted for election or re-election are accompanied by sufficient biographical and other relevant information in the AGM documentation and are available on the Group's website to enable shareholders to take an informed decision.

1.2.3 Conflicts of interest

The Group Policy on Conflict of Interests focuses on principles, procedures and arrangements for the prevention, identification, documentation, escalation and management of actual, potential or perceived conflict of interests. The policy is reviewed and approved by the Board annually and is communicated throughout the Group. An enhanced procedure for Board members and senior management to self-assess potential conflict of interests annually has been adopted for implementation in 2021.

The Board Manual documents procedures specifically relating to directors' conflict of interests, and sets out how these are to be identified, reported and managed to ensure that the directors act at all times in the best interests of the Company. The Board Manual is reviewed and approved by the Board, at least annually.

The Board has adopted a Dealing Code for transactions in the Company's securities by Persons Discharging Managerial Responsibilities (PDMRs). The Dealing Code complies with the European Market Abuse Regulation. All PDMRs have been informed of their obligations under the Dealing Code in writing. All directors have complied with the Dealing Code during 2020.

None of the directors had, during the year or at year end, a material interest, directly or indirectly in any contract of significance with the Group (See Note 50 of the Consolidated Financial Statements of Bank of Cyprus Holdings).

1. Board of Directors (continued)

1.2. Composition of the Board of Directors (continued)

1.2.4 Time commitment

The NCGC ensures that individual Board directors have sufficient time to dedicate to their duties, having regard to applicable regulatory limits on the number of directorships which may be held by any individual director. The Board has determined the time commitment expected of non-executive directors to be 35-40 days per annum. Time devoted to the Group can be considerably more when serving on Board committees.

BOC PCL has been classified as a 'significant institution' under the European Union (Capital Requirements) Regulation 2014. The CBC Directive on Suitability which incorporates the provisions of Article 91 of the European Capital Requirements Directive ('CRD IV') on management bodies of credit institutions, determines that a director cannot hold more than one of the following combinations:

- One executive directorship with two non-executive directorships; or
- Four non-executive directorships.

Executive or non-executive directorships held within the same group, count as a single directorship. Directorships in organisations which do not pursue predominantly commercial objectives do not count for the purposes of the above guidelines.

The ECB which supervises BOC PCL following the European Union Regulation 468/2014 which established the framework for cooperation within the SSM between the ECB and national competent authorities may in exceptional cases and taking into consideration the nature and complexity of the business of the Group, authorise members of the Board to hold one additional directorship.

In 2019 the ECB having assessed the Chairperson's other directorships and the time committed to them, had granted permission to Mr. Arapoglou to hold one additional non-executive directorship given the very limited time commitment involved in that directorship. Mr. Arapoglou has demonstrated relevant commitment to his chairmanship and has fulfilled his responsibilities to the fullest. This demonstration practically confirms the initial assessment of adequate time commitment which has reasonably led to the exceptional approval of a 5th directorship by the ECB. The executive session of the non-executive directors has highlighted this proven commitment of the Chairperson. Moreover, the external Board Performance Evaluation, confirmed the adequacy of the time commitment of the Chairperson to the Bank. Finally, all other directors were within the directorship limits set out for 'significant institutions'.

All newly appointed members of the Board are provided with a comprehensive letter of appointment detailing their responsibilities as directors, the terms of their appointment and the expected time commitment for the role. A copy of the standard terms and conditions of appointment of non-executive directors can be inspected during normal business hours by contacting the Company Secretary. Members of the Board are required to devote adequate time to the business of the Group which includes attendance at regular meetings and briefings, preparation time for meetings and visits to business units. In addition, non-executive directors are normally required to sit on at least one Board Committee, which involves the commitment of additional time.

Certain non-executive directors such as the Vice-Chair, the SID and committee chairpersons are required to allocate additional time in fulfilling those roles.

Before their appointment, directors disclose details of their other significant commitments along with a broad indication of the time committed to such appointments. The directors' positions on the management bodies of other companies is noted in their biographical details included in section 4 of this report. Such participation does not prevent them from devoting the necessary time and attention to their duties as members of the Board of the Company and is within the limits set by the CBC Directive on Suitability. Before accepting any external appointments, which may affect existing time commitment for the Board's business approval must be obtained from the NCGC. It was estimated that in 2020, each non-executive director spent at least 40 days on board-related duties. The Board considered the time commitment of all directors and concluded that each director devotes the requisite time for the effective performance of his/her duties as described in the Joint Guidelines on Suitability. The Chairperson commits the appropriate amount of time to the Group. There were no material changes to the other significant commitments of the Chairperson following his appointment up to 31 December 2020.

1. Board of Directors (continued)

1.3 Board Balance and Independence

Both the CSE Code and the UK Code provide that at least 50% of the Board, excluding the Chairperson, should be independent non-executive directors, so that no individual or small group of individuals can dominate the Board's decision-taking.

The NCGC and the Board determine the independence status of each director on appointment. In addition, the Board considers each individual against the criteria set out in the UK Code, the CSE Code, the CBC Directive on Suitability and the Joint Guidelines on Suitability. It also considers their contribution and conduct at Board meetings, including how they demonstrate objective judgement and independent thinking annually, to ensure that the determination regarding independence remains appropriate. In 2020 the Board considered the principles relating to independence and concluded that the status of each director as determined remained appropriate.

Mr. Goldman by virtue of his employment up to June 2018 by a corporation controlled by a significant shareholder in the Company, is not considered independent by reference to the provisions of the CBC Directive on Suitability. However, both the UK Code and the CSE Code provide that notwithstanding circumstances that may appear to impair a non-executive's independence, the Board may decide that a non-executive is independent. Currently there are no relationships or circumstances likely to affect his judgement.

Maksim Goldman has always exhibited and continues to exhibit an independent character and judgement and the Board believes, that based on his performance to-date, he too brings independent challenge and judgement to the deliberations of the Board.

The Chairperson, Mr. Arapoglou, was independent on appointment and continues to operate in a manner that is independent in character and remains objective in his opinions having no other relationship or circumstances to affect his judgement. He commits the appropriate time for the Group's business which is slightly more than the other non-executive directors, but his time commitment does not exceed 55 days per year. He has no other remuneration from the Group other than as Chairperson of the Board and chairperson of the NCGC.

The status of each director is presented in the biographical details in section 4 of this report.

The Board comprises a majority of independent non-executive directors to ensure that no individual or small group can dominate its decision making. The Board considers that each non-executive director brings independent challenge and judgement to the workings of the Board, through his/her character, objectivity and integrity.

A relevant 'Confirmation of Independence' based on the independence criteria of provision A.2.3 of the CSE Code is signed annually by each of the independent non-executive directors and is submitted to the CSE together with the Corporate Governance Report.

1.3.1 Appointments to the Board

The Board is responsible for the appointment of directors and recognises the need to identify the best qualified and available people to serve on the Board. In accordance with the Board Nominations Policy and the Board Diversity Policy, all appointments are made on merit against objective criteria (including skills and experience) with due regard for the benefits of diversity on the Board. The Board plans for its own renewal with the assistance of the NCGC which regularly reviews Board composition, tenure and succession planning.

The NCGC, prior to assessing candidates, identifies the skills and experience required for the role, assesses the time commitment involved and with due regard to the formal assessment of the skills profile of the Board and succession planning, recommends the nomination to the Board.

The recruitment process for non-executive directors is supported by an experienced third-party professional search firm, which develops an appropriate pool of candidates and provides independent assessments of the candidates. The NCGC then works with that firm to shortlist candidates, conduct interviews/meetings (including meetings with members of the NCGC) and carry out comprehensive due diligence. In accordance with the Board Nominations Policy, the assessment and due diligence process is extensive and includes self-certification confirmations of probity and financial soundness as well as external checks involving a review of various publicly available sources.

1. Board of Directors (continued)

1.3 Board Balance and Independence (continued)

1.3.1 Appointments to the Board (continued)

The process also involves the NCGC satisfying itself as to the candidate's ability to devote sufficient time to the role, his/her independence and suitability. At the same time the NCGC assesses and documents its consideration of possible conflicts of interest. Finally, an assessment of collective suitability is performed following which the NCGC makes recommendations to the Board, according to the provisions of the Joint Guidelines on Suitability.

In 2020, consequently to recommendations arising from the Board Performance evaluation and best practice, the Board decided to refresh and rotate its committee memberships to utilise to best advantage, members' skills and attributes. As noted above, Egon Zehnder, an external search consultancy firm with no other connection to the Company, was engaged to search for a director with experience and characteristics focusing on deep knowledge of accounting, auditing and the banking environment. The appointment would be considered as a candidate to replace Yiannis Zographakis as chair of the AC. To this effect the process described above resulted in the selection and appointment of Nicolaos Sofianos. In April 2020 he was appointed to the Board subject to ECB consent which was provided on 26 February 2021. At the same time Mrs. Bar-Gera expressed her intention to step down and not place herself for election at the 2020 AGM.

In September Dr Patsalides submitted his resignation as First Deputy CEO and as member of the Board effective 31 October 2020. The Board with a focus on diversity and deep knowledge of the Cyprus financial services sector, appointed as new executive director, Mrs Eliza Livadiotou, Executive Director Finance. Concurrently, following nomination by a number of shareholders, Mr. Dinos Jordanou was appointed to the Board after a thorough assessment of his knowledge, experience and integrity.

Regulatory assessment and formal approval is required for all Board appointments.

On 1 June 2020, Ioannis Zographakis replaced Arne Berggren as chair of the RC and Maria Philippou replaced Michael Heger as chair of the HRRC. On 26 February 2021, Mr. Nicolaos Sofianos replaced Mr. Zographakis as chair of the AC.

Letters setting out the terms of appointment of each of the non-executive directors, including the time commitment expected of each of them, are available on request from the Company Secretary.

1.3.2 Directors' induction and ongoing development

On appointment, each director receives a full, formal induction plan, tailored to his or her specific requirements including committee membership. It consists of meetings with senior management on Group and divisional strategy, deep dives on businesses, an overview of the Group's risk appetite and Group Risk Framework, supplemented by sessions on the management of key risks, and a comprehensive range of meetings covering the Group's regulatory environment, people strategies, technology and payments.

Deep dives on capital and liquidity management and overview of the Group's financial position are also included, along with sessions relevant to membership of specific committees. Induction programmes, with particular emphasis on risk management, corporate governance and internal control systems are arranged for newly appointed directors.

The programmes also entail a series of meetings with senior executives and other directors to enable new directors to familiarise themselves with the business, management and governance structure including the function of the Board and the role of the committees. The Company Secretary under the supervision of the Chairperson develops programmes based on the directors' individual needs.

Ongoing education is provided for the Board, informed by the effectiveness reviews of the Board and individual directors, as well as emerging external developments. Focused training of the Board is arranged in conjunction with scheduled Board meetings where information is provided to ensure that directors receive adequate insight into a particular area through presentations by Group business units and control functions and briefings with senior management. Dedicated training sessions also take place on particular issues (refer to table below for 2020 training schedule) usually identified by the directors themselves and the Company Secretary. A training schedule is prepared at the beginning of each year and directors are expected to attend accordingly.

1. Board of Directors (continued)

1.3 Board Balance and Independence (continued)

1.3.2 Directors' induction and ongoing development (continued)

Education and Development sessions* for the Board members during 2020
<ul style="list-style-type: none"> • Info. Security Awareness Q1 2020 • ILAAP 2020 • Anti-Bribery & Corruption • Whistleblowing • Info. Security Awareness Q2 2020 • ICAAP 2020 • Info. Security Awareness Q3 2020 • GDPR • Complaints Management • Liquidity Risk • AML Essentials 2020 • Assessment of the Suitability of members of the management body and key function holders

*e-learning sessions

All the members of the Board were provided on appointment with an information pack which includes, among others, the Board Manual, key legislation, directives and regulations and the Company's Articles of Association. As demonstrated in the table above, during the year specialised training sessions were provided, covering issues relating to the duties and responsibilities of Board members.

The training material is distributed to all directors regardless of attendance. In 2020, all training was in the form of e-learning sessions on an online platform with an assessment quiz at the end of the training session. The directors can access this at any time, and once the training is completed, it is recorded on the system to provide a full audit trail.

Directors are also offered the option of attending suitable external educational courses, events or conferences designed to provide an overview of current issues of relevance to directors. The Company Secretary ensures all directors are provided with relevant information on a timely basis to enable them to consider issues for decision-making and discharge of their oversight responsibilities.

In the performance of their roles, executive directors develop and refresh their skills and knowledge of the Group's business and operations through regular interactions, meetings and briefings with senior management and through presenting on the Group's business to investors and analysts. They remain abreast of developments affecting the financial services sector and banking by representing the Group's interests at conferences, advisory groups and other events and meetings with regulators and other authorities.

The Company Secretary provides the Board with comprehensive guidance on Board procedures and provides dedicated support for directors on any matter relevant to the business on which they require advice separately from or additional to that available in the normal board process.

1.3.3 Board Performance Evaluation

The Board annually reviews its effectiveness and that of its committees and individual members in order to enhance its operations. The objective of these evaluations is to review past performance with the aim of identifying efficiencies, opportunities for improvement and maximizing strengths, determining whether the Board or committee as a whole is effective in discharging its responsibilities and, in the case of individual directors, to determine whether each director continues to contribute effectively and to demonstrate commitment to the role.

1. Board of Directors (continued)

1.3 Board Balance and Independence (continued)

1.3.3 Board Performance Evaluation (continued)

The Board is subject to external evaluation every three years. The current external review begun in late 2020 and was completed in February 2021. The Board conducted an internal evaluation in Spring 2020, led by the Chairperson with the support of the NCGC and the CGCO. It included a review of the effectiveness of the Board, its committees and individual directors. The directors' views on a range of topics was sought including inter alia, strategy, performance, reporting, risk and control, Board composition and size, diversity, balance of skills, culture and dynamics, the Board's agenda; the quality and timeliness of information, training for directors etc. The review indicated an effective Board with a strong and diverse composition of experiences.

The Chairperson conducted a review of the performance of individual directors and concluded that individual directors continue to demonstrate commitment to their role. All directors are considered to be experienced and knowledgeable, and they bring valuable skills to the Board and provide an objective perspective.

Executive directors' individual performance evaluation is undertaken as part of the performance management process for all employees and includes self-assessment and a discussion by the NCGC.

Recommendations emanating from the Board Performance evaluation included the following:

- The Board should focus on forward looking strategy;
- The subject of social equity and environmental integrity should feature on the Board agenda;
- Oversight of subsidiary objectives and business should be more hands on;
- A renewal of the composition of the Board;
- Timely submission with adequate information to facilitate decision-making;
- More time spent on deliberations of issues;
- Identification of proper performance indicators to assess executive and senior management performance and Company performance relative to its competitors.

A consolidated report on the findings of the full evaluation process was presented to the Board. The outcome of the Board evaluation, which was positive, concluding that the Board and its committees continued to be effective, with all directors demonstrating commitment to their roles, was considered by the NCGC and collectively discussed by the Board. The recommendations were intended to enhance the Board process, although they were not material to the effectiveness of the Board. The Board accepted them and set up an action plan to incorporate those recommendations. Taking into account the evaluation report, the Board considers that the effective contribution of each of the individual directors and the Board as a whole is and continues to be important to the long-term sustainable success of the Group. The Board also concluded that all the members of the Board have appropriate qualifications; broad relevant experience; continue to be effective; and demonstrate continuing commitment to the role.

Progress was made on areas for enhancement identified during the previous internal performance evaluation relating to pro-active engagement with regulators, detailed discussions of HR issues, joint meetings of the Technology Committee ('TC') and the RC, lessons learned and a continued focus on Group strategy.

The chairperson of each principal Board committee led the self-assessment process in respect of committee performance through discussion with all committee members. The effectiveness of each of the four principal committees was assessed as adequate. All non-executive directors provided feedback on their uptake of committee work performed and the results were satisfactory.

The Chairperson's performance evaluation was carried out by the non-executive directors led by the SID and was based on a discussion during an executive session of the non-executive directors (without the Chairperson). The Board concluded that Takis Arapoglou is a highly effective Chairperson with a strong personality who provides strong leadership to the Board. Mr. Arapoglou combines extensive and relevant banking experience, inclusive leadership style and is open to new ideas while at the same time acting as mentor to the CEO. He exercises effective time management and exhibits a Growth mind-set. The Board confirmed its continued support for Mr. Arapoglou.

The Chairperson met with directors on a one to one basis to discuss their individual performance taking into account their input, which was submitted in advance of the meetings. In each case, the Chairperson assessed each director as fully effective in his or her role on the Board whose contributions continue to be important to the Company's long-term sustainable success while continuing to demonstrate independence of mind.

1. Board of Directors (continued)

1.3 Board Balance and Independence (continued)

1.3.3 Board Performance Evaluation (continued)

The external Board Performance Evaluation concluded in February 2021 by Nestor Advisors Ltd, a company with no other connection to the Company, found the Board to be well-structured and composed. The Board has the skills and knowledge necessary for directing and controlling the Bank. The Board members are very well informed, have a thorough understanding of the Group's business and are probing in controlling management's work. Committee composition could be enhanced through a more deliberate rotation which would enhance change and independence of perspective while making best use of Board members' expertise.

The basis for the execution of this engagement was the relevant provision of the CBC Governance Directive and the areas which the Evaluation covered included:

- The evaluation of the effectiveness of its Board of Directors as a whole, each Committee of the Board and each individual member of the Board by assessing the:
 - Performance of the Board as a whole, its committees and individual members;
 - Contribution of the Board as a whole, its Committees and individual members to:
 - Development of the business objectives, risk appetite and strategies;
 - Setting and overseeing the risk and compliance managements framework;
 - Establishing and maintaining consistent organisation and operational arrangements and internal control mechanisms;
 - Composition of the Board and its committees;
 - Communication with management, shareholders and competent authorities;
 - The roles of chairperson, company secretary and senior independent director;
 - Time commitment of non-executive members and capacity to critically review information;
 - Evaluation of the fitness and probity of each director.

The directors are aware that in case they have material concerns about the overall governance of the Group, these should be reported without delay to the Board and, if their concerns are not satisfactorily addressed, the directors should report these concerns to the CBC.

1.3.4 Interaction with principal subsidiaries

There are close interactions between the material subsidiary boards and the Group Board and their respective committees, including the requirement for appointments to material subsidiary boards to be approved by the Group Board. The chairs of the subsidiary audit and risk committees submit an annual report to the respective Group Board committees and attend and present at the Group Board committees annually an account of the subsidiary board committees. The chairpersons of the Company's AC and RC are invited, respectively, to participate occasionally in the subsidiary audit and risk committee meetings as observers. In addition, the CGCO and other heads of control functions are invited to attend these meetings as observers. The NCGC annually reviews and approves the Corporate Governance Guidelines for subsidiaries.

1.3.5 Loans to Directors and Other Transactions

Details of credit facilities to directors and other transactions with the Group are set out in Note 50 of the Consolidated Financial Statements for the year ended 31 December 2020.

It is hereby confirmed that the credit facilities to Company directors (and related parties) or to its subsidiary or associated company directors are granted in the normal course of the Company's business, under normal commercial and employment terms and with transparency. Furthermore, it is confirmed that all relevant cases of bank facilities to Company directors and its subsidiary company directors are forwarded for approval to the Board after the relevant proposal of the Risk Committee. The interested member of the Board is neither present nor participates in the procedure.

The Banking Law currently forbids the extension of any credit to independent members of the Board, but the CBC may exempt certain exposures from time to time having regard to the exceptionally low risk arising from the exposures concerned.

All members of the Board complied with the relevant provisions of the CSE Code and the Banking Law as at 31 December 2020.

2. Internal Controls

The Board is responsible for the adequacy and effectiveness of the system of internal controls, corporate governance and risk management framework of the Group. These ensure amongst others that:

- The governance framework is effective, monitored and periodically assessed;
- The compliance framework is appropriate;
- The integrity and internal controls of the accounting and financial reporting systems, as well as the compliance with relevant legal / supervisory requirements and reporting standards, are adequate;
- The information security framework for the protection of confidential information is appropriate;
- The process of taking appropriate steps to timely address any deficiencies is effective.

The system of internal controls, corporate governance and risk management framework have been designed in accordance with the nature, scale and complexity of the Group's operations, in order to provide reasonable but not absolute assurance against material misstatements, errors, losses, fraud or breaches of laws and regulations.

The overall system of internal controls, corporate governance and risk management framework of the Group include amongst others:

- A transparent organisational structure with clear reporting lines to Senior Management and the Board;
- Board and executive committees with clear responsibilities;
- Three lines of defence model for the effective risk management and compliance across the Group;
- Formal policies and procedures;
- Monthly reporting by business lines to enable progress to be monitored, trends to be evaluated and variances to be acted upon;
- Monthly meetings of committees to review performance;
- Code of Conduct setting out the standards expected of all officers and employees;
- Whistleblowing policy, including processes and procedures, to be followed for independent investigation of concerns raised by staff;
- Anti-Bribery policy in line with the UK regulatory guidance as well as with ISO37001;
- Conflicts of Interest policy;
- Quarterly representations by all Divisions of the Bank to the CEO on the effectiveness of the system of internal controls (policies, procedures and monitoring activities);
- Annual representations by all control functions of the Bank (Compliance, Risk, Information Security) to the CEO on effectiveness of the system of internal controls (policies, procedures, monitoring activities).

The Board confirms that, through the AC and the RC, it has conducted reviews for the year ended 31st December 2020, regarding the effectiveness of the Group's internal control and information systems, as well as in relation to the procedures used to ensure the accuracy, completeness and validity of the information provided to investors. The reviews covered all systems of internal controls, including financial, operational and compliance controls, as well as risk management systems. In carrying out their reviews, the AC and RC receive regular business and operational risk assessments, regular reports from the Internal Audit Director, the Compliance Director and the Chief Risk Officer, other internal memos and external audit reports, as well as regulatory reports.

The Board receives a confirmation on an annual basis by the CEO for the effectiveness of compliance, risk management and information security system of internal controls. Additionally, the Board, through the AC and RC, has received confirmation that executive management has taken or is taking the necessary actions to remedy all significant weaknesses identified through the operation of the Company's framework of internal controls, corporate governance and risk management processes.

It is noted that the Bank is undergoing continuous transformation. In this context, certain aspects of the system of internal controls, corporate governance and risk management framework of the Group are expected to change.

Based on the internal audit work carried out in 2020, reasonable assurance is provided, with emphasis on specific matters, on the design adequacy and operating effectiveness of the Group's internal control framework, corporate governance and risk management processes, for managing significant risks, according to the risk appetite set by the Board of Directors. Emphasis is provided on the area of Non-Performing Exposures (NPEs) considering the associated external factors, as well as on the area of Information Systems & Data Governance based on the results of Internal Audit ('IA') engagements. Both of these areas require management's attention to further manage current, as well as any future, risk exposure.

2. Internal Controls (continued)

As regards the area of NPEs, IA did not identify any major weaknesses in relation to the organic reduction processes. Furthermore, management completed in 2020 various deals for the sale of NPE portfolios. The signing of agreements for the disposal of the Helix 2A and 2B portfolios, alongside the organic reduction of NPEs, have reduced the Bank's NPE ratio, proforma to NPE sales to c.16% (November 2020: 25.9%)¹, based on the Bank's public disclosure on 18th January 2021. Despite these efforts, having also in mind the effect of the ongoing pandemic, NPEs risk exposure for the Bank remains high, compared to the EU average ratio (Q2 2020: 2,8%), and the Bank's initial plan for reducing the NPE ratio to 10% by the end of 2020 is now the target for 2022. Despite the encouraging performance since the end of moratorium, given the hit to the economy from the ongoing pandemic and the large stock of loans exiting the Government payment moratorium, the Bank remains focused on the risk of significant increase of non-performing exposures in 2021 and proactively identifies the unlikeliness to pay for its customer base.

In relation to Information Systems & Data Governance, the initial benefits from the rollout of new digital services to clients, as part of the Digital Transformation Program (DTP), are already evident. While most of the planned implementations in the context of DTP have been completed based on well-defined plans and within the approved budgets, management should act proactively in order to minimise the risk of the Program's derailment as a result of delays which are evident in a large-scale project, namely Unified Front End (UFE). In parallel, efforts to modernise and further automate the internal operating model, through a structured and well controlled approach, should be intensified. Finally, overreliance on specific external service providers remains an increased area of focus, while at the same time information security is an area with reported risks and requires close attention by management, especially when considering the new digital developments of teleworking requirements and cybercrime on the foreground.

Overall, the Board of Directors through its committees, has reviewed the effectiveness of the system of internal controls, corporate governance and risk management processes of the Group for the year ended 31st December 2020 and confirms their effectiveness either through the effective design and operation of controls or through mitigating factors that existed. The Board also confirms that it is not aware of any violation of the Cyprus Securities and Stock Exchange Laws and Regulations.

The Group's financial reporting process is controlled using documented accounting policies and procedures supported by instructions and guidance on reporting requirements, issued to all reporting entities within the Group in advance of each reporting period. The submission of financial information from each reporting entity is subject to sign off by the responsible financial officer.

The internal control system also ensures that the integrity of the accounting and financial reporting systems, including financial and operational controls and compliance with legal and supervisory requirements and relevant standards, is adequate. The Group has in place an adequate financial statement closing process by which transactions and events reflected in the Group's accounting records are processed to produce the financial statements, related disclosures and other financial reports which relies either on the effective design and operation of controls or other mitigating factors where these were inefficient. Where from time to time areas of improvement are identified these become the focus of management's attention in order to resolve them and thus strengthen the procedures that are in place. Areas of improvement may include the formalisation of existing controls and the introduction of new information technology controls, as part of the Company's on-going digital journey.

The Annual Report and Interim Report prior to their submission to the Board are reviewed and approved by the ExCo. The Board, through the AC scrutinises and approves the financial statements, results, announcements and the Annual Report and ensures that appropriate disclosures have been made. Detailed papers are prepared for review and approval by the AC covering all accounting issues including presentations and disclosures. This governance process enables both management and the Board to challenge the Group's financial statements and other significant disclosures before their publication.

¹ Based on the Risk Report for December 2020, prepared by the Risk Division and submitted to the ExCo, the Group NPE ratio decreased to 25.2%.

2. Internal Controls (continued)

The Bank has developed an Integrated Risk Identification Framework which provides for the identification, evaluation and management of the principal risks faced by the Group. The Group is forward looking to ensure emerging risks are identified. The Key Risk Matrix is thus updated and is approved by the RC and the Board through the ICAAP process. The Board is responsible for determining the nature and extent of the principal risks the Group is willing to take in achieving its strategic objectives and ensuring the maintenance of an effective risk management and oversight process across the Group.

The Board approves the Group Risk Appetite Statement on an annual basis and receives regular updates on the Group's risk environment and exposure to the Group's material risk types through the Risk Report reviewed monthly. A consolidated risk report and risk appetite dashboard is regularly reviewed by the RC to ensure the risk profile and mitigating actions are satisfactory. The key risks with their mitigant actions are presented in Pillar 3 Disclosure Report. The Board confirms that it carries out a robust assessment of both principal and emerging risks, including risks that might threaten the Group's business model, future performance, liquidity etc.

Business continuity risks are mitigated to ensure that the Bank has business resilience and continuity plans. They also ensure that the Bank operates on an on-going basis and limits potential losses in the event of a severe business disruption.

Detailed information relating to Group risk management is set out in Notes 45 to 48 of the Consolidated Financial Statements and the Additional Risk and Capital Management Disclosures section of the 2020 Annual Financial Report.

2.1 Going concern

The Directors have made an assessment of the Group's ability to continue as a going concern for a period of 12 months from the date of approval of the 2020 Consolidated Financial Statements. The Directors believe that the Group is taking all necessary measures to maintain its viability and the development of its business in the current economic environment. Detailed information relating to going concern is set out in Going Concern of the Directors' Report of the 2020 Annual Financial Report on page 29.

2.2 Group Code of Conduct and Whistleblowing Policy

The Group has set out the standards that are expected from all employees and directors of the Group in a Code of Conduct along with guidance on how these standards should be applicable. In 2020 the Code of Conduct was further enhanced to bring focus on ethics and a dedicated Code of Ethics was made publicly available in mid-2020.

The Group has a Whistleblowing Policy and relevant written procedure in place for all employees, including directors, which is in accordance with international practice. The policy is reviewed annually. Its general principles are:

- Concerns in good faith, about wrongdoing or malpractice can be raised in confidence without fear of victimisation, discrimination, disadvantage or dismissal;
- Procedures for the reporting of any matters of concern are clearly provided. The persons concerned must be able to bypass the main channels for whistleblowing if these prove inappropriate, and use the anonymous reporting line;
- Disclosures are managed in a timely, consistent and professional manner; and
- The appointment of the chairperson of the AC, an independent non-executive director as a Whistleblowing Champion with specific responsibilities.

The Board and CEO are committed to this policy, which encourages staff to raise concerns. A message from the CEO to staff to speak up was repeated in early 2020 followed by an e-learning session later in the year, addressed to all staff and the Board of Directors to further increase awareness.

3. Other matters

The table below show attendance of the directors on the meetings of BOC PCL throughout 2020.

Board of Directors of BOC PCL 1/1/2020-31/12/2020

Name	Board of Directors	AC	HRRC	NCGC	RC	AC/RC Joint	TC	ECCC
Takis Arapoglou (Chairperson)	25/25			13/13				
Maksim Goldman	25/25		6/6*	6/6**	16/17	8/9		6/7*
Anat Bar-Gera ¹	6/8		6/6				3/4	
Arne Berggren	23/25	14/14		7/7*	6/6**	9/9	5/5*	
Lyn Grobler (Vice-Chair)	24/25		6/6*	13/13			10/10	4/4**
Paula Hadjisotiriou	25/25	14/14			17/17	9/9	5/5*	
Michael Heger	25/25	13/14	12/12			9/9	10/10	6/7*
Panicos Nicolaou	25/25							2/4**
Christodoulos Patsalides ²	18/18							
Maria Philippou	23/25		12/12	7/7*				11/11
Ioannis Zographakis	25/25	14/14			17/17	9/9	10/10	11/11
Total meetings	25	14	12	13	17	9	10	11

1 Resigned on 25 May 2020

2 Resigned on 31 October 2020

* Appointed to the committee 1 June 2020

** Resigned from the committee 31 May 2020

3.1 Company Secretary

The Board appointed Mrs Katia Santis as the Company Secretary.

3.2 Internal Audit Director

The Board appointed Mr. George Zornas as the Internal Audit Director.

3.3 Corporate Governance Compliance Officer

The Board appointed Mr. Marios Skandalis as CGCO.

4. Members of the Board of Directors

4.1 Non-Executive Directors

Efstratios-Georgios (Takis) Arapoglou (Chairperson)

Takis Arapoglou is an expert financial consultant. He has served as Chairperson and CEO of the National Bank of Greece Group, Chairperson of the Hellenic Banks Association, Member of the Board of Eurobank and has held senior management positions with Citibank and Chase Manhattan in the UK and with American Express in Greece. Currently, he is Chairperson of the Board of Titan Cement, an international cement company listed on the Athens Stock Exchange and of Tsakos Energy Navigation, a shipping company listed on the New York Stock Exchange.

Mr. Arapoglou holds an MSc in Finance and Management from the University of Brunel, London, a BSc in Naval Architecture and Ocean Engineering from the University of Glasgow and a BA in Mathematics and Physics from the University of Athens.

He has extensive experience in international capital markets and in corporate, commercial and investment banking in South East Europe, the UK, the Middle East and Africa.

Term of Office:

Appointed to the Board of BOC PCL and the Board in June 2019

External Appointment:

Chairperson of the Board of Tsakos Energy Navigation
Chairperson of the Board of Titan Cement SA
EFG Hermes Holding SAE
Bank Alfalah Ltd

Independent:

Yes on an ongoing basis.
(Mr. Arapoglou commits the appropriate time for the Group's business which does not exceed 55 days per year. He has no other remuneration from the Group other than as Chairperson of the Board and chairperson of the NCGC).

Committee Membership:

Chairperson of the Nominations and Corporate Governance Committee

Lyn Grobler (Vice-Chair)

Lyn Grobler is an experienced executive with a strong track-record in technology and IT roles. She was appointed Group Chief Information Officer (CIO) at Hyperion Insurance Group (now Howden Group Holdings) in 2016. Prior to this she was Vice President and CIO Corporate Functions at BP where she led the transformation of both the organisation and the digital landscape through introducing sustained change in process, capability and technology, having held a variety of roles across IT and global trading over 16 years. Before BP, she managed large scale global technology projects and strategies within banking and trading based in both London and South Africa.

She holds an HND in computer systems from Durban University in South Africa and a National Diploma in Electronic Data Processing from Cape Peninsula University (South Africa).

Mrs. Grobler has significant experience in IT and digital transformation and benefits from oversight experience in a number of external directorships.

Term of Office:

Appointed to the Board of BOC PCL and the Board in February 2017

External Appointment:

Chairwoman of the Board of Howden Group Services Ltd
Hx Group Ltd

Independent:

Yes

Committee Membership:

Chairperson of the Technology Committee
Member of the Human Resources & Remuneration Committee
Member of the Nominations & Corporate Governance Committee
Member of the Insurance Business Advisory Board

4. Members of the Board of Directors (continued)

4.1 Non-Executive Directors (continued)

Arne Berggren

Arne Berggren has been involved in corporate and bank restructurings, working for both the private sector as well as for international organisations since the early 90s, starting with Nordea during the Swedish financial crisis. This was followed by bank crises management and bank restructuring assignments in numerous countries in Latin America, Eastern Europe and Asia, and more recently during the recent financial crisis in the Baltics, Spain and Slovenia. He has been Head of Financial Restructuring and Recovery at Carnegie Investment Bank AB and Swedbank AB and as CEO of Swedcarrier AB he led the restructuring of parts of Swedish Rail.

Mr. Berggren has held numerous board positions in the financial and corporate sector, including a position on the Board of Directors at LBT Varlik Yönetim AS and DUTB Ltd.

He is a graduate of the University of Uppsala, Sweden and has postgraduate studies at the Universities of Amsterdam, Geneva and New York.

Arne Berggren has significant experience in corporate and bank restructurings, bank crises management and risk management and has extensive experience in oversight from a number of directorships.

Term of Office:

Appointed
to the Board of BOC PCL in November 2014
and the Board in October 2016

External Appointment:

Piraeus Bank Group
TBC Bank Group PLC

Independent:

Yes

Committee Membership:

Member of the Audit Committee
Member of the Nominations & Corporate Governance Committee
Member of Technology Committee

Maksim Goldman

Maksim Goldman is Director of Strategic Projects at AO Complexprom since June 2018 and is responsible for oversight of various projects and investments under management of the company. Previously, from July 2007 to May 2018 he was Director of Strategic Projects at Renova Group and had served as Deputy Chief Legal Officer of the Group, responsible for implementing the investment policy and support of key mergers and acquisitions transactions. From 2005 to 2007 he worked as Vice President and International Legal Counsel of OAO Sual-Holding, which was the management company for OAO 'SUAL', the second largest aluminium producer in Russia, and also participated in the creation of UC Rusal through combination of the assets of Sual-Holding, Rusal and Glencore. From 1999 to 2005 he worked as an associate at Chadbourne & Parke LLP in New York and in Moscow.

He holds a J.D. from the School of Law, University of California (Los Angeles). He also holds a Bachelor of Arts degree in History from the University of California (Los Angeles).

Mr. Goldman has extensive experience in investments, business development and strategy formation and benefits from oversight experience in a number of external directorships.

Term of Office:

Appointed
to the Board of BOC PCL in November 2014
and the Board in October 2016

External Appointment:

Stentex s.a.r.l
United Manganese of Kalahari Ltd

Independent:

No

Committee Membership:

Member of the Risk Committee
Member of the Human Resources & Remuneration Committee
Member of the Ethics, Conduct and Culture Committee

4. Members of the Board of Directors (continued)

4.1 Non-Executive Directors (continued)

Paula Hadjisotiriou

Paula Hadjisotiriou is an experienced executive with a long career in senior management roles in financial institutions. She started her accountancy career at Howard, Wade & Jacob before moving to Pricewaterhouse Coopers. Following a six-year tenor at the Latsis Group of Companies as Deputy General Manager of Internal Audit, she embarked on a career in banking, in Greece between 1990-2015, first with Eurobank Ergasias S.A as Group Chief Financial Officer and then with National Bank of Greece as Deputy Chief Executive Officer & Chief Financial Officer. Currently she serves as an advisor to the Latsis Group of Companies in the UK.

She is a Chartered Accountant (Institute of Chartered Accountants of England and Wales (ICAEW)).

Mrs. Hadjisotiriou has significant experience in financial institutions and benefits from oversight experience in a number of external directorships.

Term of Office:

Appointed to the Board of BOC PCL and the Board in August 2018

External Appointment:

None

Independent:

Yes

Committee Membership:

Member of the Audit Committee
Member of the Risk Committee
Member of the Technology Committee

Michael Heger

Michael Heger currently serves as the general manager of finance and investment and as an independent senior advisor for S.I.F. International Holding S.A., Luxembourg at its representative office in Vienna. Previously, from 2009-2012 he served as general manager and chief executive officer of Metal Trade Overseas AG in Zug, Switzerland. He began his career in 1980 as a manager in export finance and legal affairs for Waagner-Biro AG in Vienna, Austria. Having spent two years at Waagner-Biro AG, he moved to UniCredit Bank Austria Group, where he held various management positions from 1982 to 2002. Between 2001 and 2002, he served as general manager and head of structured trade finance at Bank Austria AG. From 2002 to 2003, he served as the deputy general manager and head of International division for Raiffeisenlandesbank Niederosterreich-Wien AG. Dr Heger then joined MPH Management and Participation Holding S.A., a special purpose company for equity participation in commercial and industrial companies, financial institutions and in property developments as well as for financial and consulting services for domestic and international clients and commodity trading, as the general manager of finance and investment and head of the representative office from 2004-2009.

Dr Heger holds a doctorate in law from the University of Vienna and obtained a postgraduate degree in law from the College of Europe in Bruges, Belgium.

He has extensive banking experience having spent more than 20 years in various senior positions in UniCredit Bank Austria Group and has considerable strategic knowledge of industrial and commercial companies, financial institutions and property developments.

Term of Office:

Appointed to the Board of BOC PCL in June 2016 and the Board in October 2016

External Appointment:

None

Independent:

Yes

Committee Membership:

Member of the Audit Committee
Member of the Human Resources and Remuneration Committee
Member of the Ethics, Conduct and Culture Committee
Member of the Technology Committee

4. Members of the Board of Directors (continued)

4.1 Non-Executive Directors (continued)

Constantine (Dinos) Iordanou

Dinos Iordanou has been Chairperson and Chief Executive Officer (CEO) of Arch Capital Group Limited, since August 2003 and Director since January 2002 (retired in September 2019). Before joining Arch as one of its founders in 2002, Mr Iordanou served in various capacities for Zurich Financial Services and its affiliates, including as Senior Executive Vice President of group operations and business development of Zurich Financial Services, President of Zurich-American Specialties Division, Chief Operating Officer and CEO of Zurich American, and CEO of Zurich North America. Before joining Zurich in March 1992, he was President of the commercial casualty division of the Berkshire Hathaway Group and Senior Vice President of American Home Insurance Company, a member of American International Group. Mr. Iordanou currently serves as a Director of Verisk Analytics and he is the Vice Chairperson of NIPD Genetics.

He holds an Aerospace Engineering degree from New York University.

Mr. Iordanou has significant experience in insurance business and benefits from oversight experience in a number of external directorships.

Term of Office:

Appointed to the Board of BOC PCL and the Board in September 2020 (Subject to ECB consent)

External Appointment:

Vice-Chairperson of NIPD Genetics
Verisk Analytics
Vantage Group Holdings Ltd

Independent:

Yes

Committee Membership:

Member of the Technology Committee
Member of the Insurance Business Advisory Board

Maria Philippou (Chair of the Human Resources and Remuneration Committee)

Maria Philippou started her career as an HR Consultant with KPMG Greece, before moving to the Lambrakis Press Group as HR Generalist. Having spent three years with Eurobank Ergasias S.A as Compensation & Benefits Manager, in 2006 she moved to the Coca Cola Company Group, progressing through various roles such as Rewards Manager and HR Business & Strategic Partner and finally as Global Talent & Development Director until recently when she moved to Egon Zehnder.

She holds a degree in Business Administration from Nottingham Trent University and a Master of Science in Human Resources Management from Brunel University.

Mrs. Philippou is an experienced executive in human resources and brings valuable skills to the Board in people management.

Term of Office:

Appointed to the Board of BOC PCL and the Board in July 2018

External Appointment:

None

Independent:

Yes

Committee Membership:

Chairperson of the Human Resources & Remuneration Committee
Member of the Nominations & Corporate Governance Committee
Member of Ethics, Conduct and Culture Committee

4. Members of the Board of Directors (continued)

4.1 Non-Executive Directors (continued)

Nicolaos Sofianos (Chairperson of the Audit Committee)

Nicos Sofianos is a qualified Chartered Accountant, member of the Institute of Chartered Accountants in England and Wales (ICAEW) and a member of the Body of Certified Public Accountants of Greece (SOEL). He was a founding partner of Deloitte Greece and representative of the firm before the regulatory, supervisory and fiscal authorities in Greece. In 2016 he retired with 40 years of audit and broader professional experience.

He holds an Honours degree in Chemical Engineering with a major in Mathematical Modelling and Computer Simulation from the University of Manchester, UK.

Mr. Sofianos has extensive experience in the coordination of accounting, auditing, tax and consulting services rendered to a wide range of companies covering nearly all sectors of industry and in particular the financial services industry sector.

Term of Office:

Appointed to the Board of BOC PCL and the Board in February 2021

External Appointment:

DoValue Greece SA
Chair of the AC of Aegean Airlines (Non-Board member)
Arcela Investments Ltd

Independent:

Yes

Committee Membership:

Chairperson of the Audit Committee
Member of the Risk Committee

Ioannis Zographakis (Chairperson of the Risk Committee & Senior Independent Director)

Ioannis Zographakis started his career in 1990 with Citibank in Greece as a Management Associate for Europe, Middle East & Africa (EMEA). He then worked as the Deputy Treasurer and Treasurer for the Citibank Consumer Bank in Greece, before moving to the USA in 1996 as the Director of Finance for Citibank CitiMortgage. In 1997 he became the Financial Controller for Citigroup's Consumer Finance business in the US and then he served as the Director of Finance and Acting Chief Financial Officer for the Consumer Assets Division. From 1998 until 2004 he worked in the Student Loan Corporation (SLC), a Citigroup subsidiary and a New York Stock Exchange traded company. He started as the Chief Financial Officer, became the Chief Operations Officer and in 2001 he was named the Chief Executive Officer. In 2005 he moved back to Europe as Citibank's Consumer Lending Head for EMEA and Head of UK Retail Bank. In 2006, he took the position as Citibank's Retail Bank Head in Greece where he stayed until 2011, before moving back to Cyprus consulting on financial services when requested. He has been a Director for the Student Loan Corporation in the US, a Director for Tiresias (Greek Credit Bureau) and the Secretary of the Audit Committee, a Director and member of the Audit Committee for Diners Club Greece, the Vice-Chair of the Citi Insurance Brokerage Board in Greece and the Chair of the Investments and Insurance Supervisory Committee in Citibank Greece. He has also served as non-executive Director for the National Bank of Greece group during 2018-2019.

Mr. Zographakis holds an MBA from Carnegie Mellon University in the USA and a Bachelor's degree in civil engineering from Imperial College in London.

He has an extensive background in corporate governance, business restructuring, crisis management, finance, operation & technology in the banking industry, having spent more than 20 years in various senior operational and financial roles in Citibank in the US, UK and Greece and on the Board of a number of financial entities.

Term of Office:

Appointed to the Board of BOC PCL in September 2013 and the Board in October 2016

External Appointment:

A. Eternity Capital Management Ltd

Independent:

Yes

Committee Membership:

Chairperson of the Risk Committee
Chairperson of the Ethics, Conduct and Culture Committee
Member of the Audit Committee
Member of the Technology Committee

4. Members of the Board of Directors (continued)

4.2 Executive Directors

Panicos Nicolaou (CEO)

Panicos Nicolaou joined the Bank in 2001. He has previously served as the Director of Corporate Banking Division from June 2016 to August 2019, during which time he had under his supervision Corporate Banking Centres throughout Cyprus, the International Corporate Banking Centre and International Operations, as well as the Bank's Factoring Unit. Prior to becoming Director of Corporate Banking, he served as Manager, Corporate Management in the Restructuring and Recoveries Division where he managed a large portfolio of problematic exposures.

He holds a diploma (5-year degree) in Mechanical Engineering from National Technical University of Athens (Metsovio Polytechnic), Greece and an MSc in Mechanical and Industrial Engineering from University of Illinois at Urbana-Champaign, USA. He also holds a BSc in Financial Services from the School of Management, UMIST, UK, and is an Associate Member of the Chartered Institute of Bankers, Institute of Financial Services, UK since 2004.

He is an experienced financial services professional having served in a number of senior roles in the Group.

Term of Office:

Appointed to the Board of BOC PCL and the Board in September 2019

External Appointment:

Chairperson of the Association of Cyprus Banks
European Banking Federation

Independent:

No

Committee Membership:

None

Eliza Livadiotou (Executive Director Finance)

Between 1995-1999 Eliza Livadiotou worked for the audit firm Arthur Andersen in Cambridge, where she qualified as a Chartered Accountant. In 1999 she returned to Cyprus and has been employed by Bank of Cyprus, initially as Assistant to the Group Chief General Manager and from 2005, as Manager Group Finance and Tax Planning. In 2012, her duties were extended to include Group Strategy and Corporate Finance.

In December 2013, she was appointed as Chief Financial Officer and from April 2016 to September 2019 as Finance Director. In her current capacity Mrs Livadiotou serves as Executive Director Finance and is responsible for Financial Control, Treasury, Strategy and Corporate Finance, Investor Relations, Procurement and Economic Research.

Mrs Livadiotou holds and MA (Hons) in Economics from the University of Cambridge.

She has significant experience as a financial services professional and benefits from her experience as member of the Financial Services Committee of the Institute of Certified Public Accountants of Cyprus since 2006 where she chaired the Committee during 2014-2016.

Term of Office:

Appointed to the Board of BOC PCL and the Board in September 2020 (subject to ECB consent)

External Appointment:

None

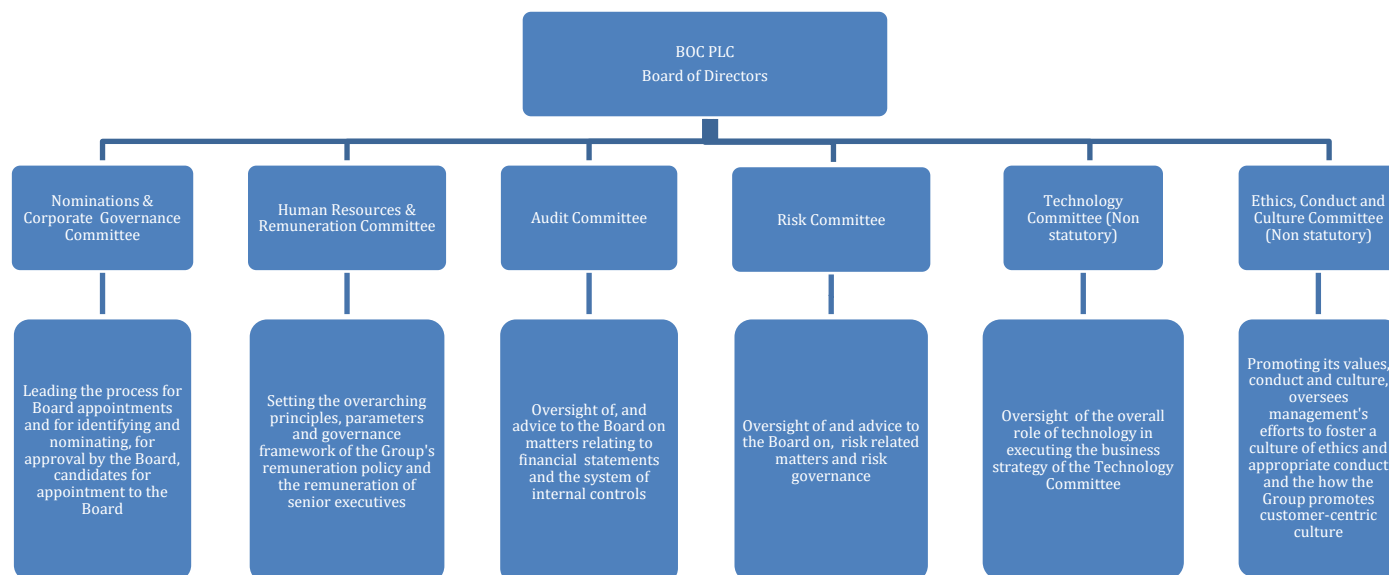
Independent:

No

Committee Membership:

None

5. Board Committees



The Board places significant reliance on a number of Board committees by delegating a broad range of responsibilities to them. The committees' purpose is to consider, in greater depth than would be practicable at Board meetings, matters for which the Board retains responsibility. It is therefore crucial that effective linkages are in place between the committees and the Board as a whole given that it is impractical for all independent directors to be members of all the committees. Mechanisms are in place to facilitate these linkages including ensuring that there are no gaps or unnecessary duplication between the remit of each committee and overlapping membership between committees where necessary. Alongside cross-membership the chairperson of each committee reports on matters discussed during committee meetings to the subsequent scheduled meeting of the Board and minutes of these meetings are tabled at the Board as soon as possible for noting and/or discussion, as necessary. Each committee operates under terms of reference approved by the Board.

The statutory committees are the Audit Committee ('AC'), the Risk Committee ('RC'), the Nominations and Corporate Governance Committee ('NCGC') and the Human Resources and Remuneration Committee ('HRRC'). The key roles of the Board committees are described above. Further information of the work of these committees follows in the section below. The terms of reference of the committees are reviewed annually by the relevant committees and by the Board, are based on the relevant provisions of the CSE and UK Codes and the CBC Governance Directive (where applicable) and are available on the Group's website (www.bankofcyprus.com) or by request to the Company Secretary.

In carrying out their duties, Board committees are entitled to take independent professional advice, at the Group's expense, where deemed necessary or desirable by the committee members.

The overall responsibility for approving and monitoring the Group's strategy, risk appetite and policies for managing risks lies with the Board, which exercises this responsibility through two of its main committees, namely the RC and the AC.

In addition to the principal committees, the Board set up a Technology Committee ('TC') in 2017 to drive the digital transformation of BOC PCL. In November 2019, the Board set up the Ethics, Conduct and Culture Committee ('ECCC') to support it in promoting its collective vision of values, conduct and culture and to oversee management effort to foster a culture of ethics and appropriate conduct within the Group. Each of the committees' structure facilitates open discussion and debate, with steps taken to ensure adequate time for members of the committees to consider proposals which are put forward.

5. Board Committees

5.1 Nominations and Corporate Governance Committee

As at 31 December 2020 the NCGC comprised of the Chairperson of the Board and three other independent non-executive directors. Its composition is fully compliant with the CSE Code, the UK Code and the CBC Governance Directive. The Chairperson of the Board chairs the Committee, except when the NCGC is dealing with the appointment of a successor to the role of Chairperson.

Biographical details, including each member's background, experience and independence status are set out in section 4 of this report.

The Committee met 11 times in 2020. The Chairperson and members of the Committee together with their attendance at meetings are shown below. The CEO attends meetings as appropriate. The NCGC meets annually with no management present.

Member attendance in NCGC meetings* in 2020:

Takis Arapoglou (Chair)	11/11
Maksim Goldman (stepped down 31 May 2020)	6/6
Lyn Grobler	11/11
Arne Berggren (appointed on 1 June 2020)	5/5
Maria Philippou (appointed on 1 June 2020)	5/5

* The number of committee meetings at BOC PCL level were 13 during 2020. The attendance of these meetings can be found on page 292

The key responsibilities of the NCGC are set out in its terms of reference, which are available on the Group's website (www.bankofcyprus.com) and are reviewed annually and approved by the Board.

The role of the Committee is to ensure that the Board is comprised of members who are best able to discharge the duties and responsibilities of directors and to support and advise the Board in relation to:

- Board recruitment (including regularly reviewing, reporting on and taking into account, when making further appointments, the composition and effectiveness of the Board);
- Vice-Chairperson, director and CEO development (under the overall responsibility and supervision of the Chairperson of the Board);
- Chairperson development (under the overall responsibility and supervision of the SID);
- The ongoing evaluation of the structure, size, composition and performance of the Board, its committees and individual directors; and
- Succession planning for directors and senior management.

The Committee also:

- Oversees the adoption of appropriate internal policies on the assessment of the suitability of members of the Executive Committee, other senior managers and heads of the internal control functions;
- Keeps the Board's governance arrangements under review and makes appropriate recommendations to the Board to ensure that such arrangements are consistent with best corporate governance standards and practices in place;
- Considers and authorises a situation in which a director has, or could have, a direct or indirect interest that conflicts, or possibly may conflict with the interests of the Group, and decides on remedial action to eliminate such conflict or seeks to terminate the situation giving rise to it;
- Oversees the corporate governance arrangements of material subsidiaries and reviews the evaluation of board performance of the subsidiary boards; and
- Defines the Group's sustainability strategy aimed at achieving present and future economic prosperity, environmental integrity and social equity for the Group and its stakeholders.

The matters considered and the actions taken by the NCGC during the year are set out in the following table.

5. Board Committees (continued)

5.1 Nominations and Corporate Governance Committee (continued)

Matters considered and action taken by the NCGC in 2020

Board and committee size and composition	<ul style="list-style-type: none"> • Recruitment of new non-executives to the Board; • Structure and composition of the Board; • Rotation of Board committee membership; • Succession Planning. 	<ul style="list-style-type: none"> • The external search firm Egon Zehnder searched for candidates with accounting and auditing skills for the role of AC chair. Interviews with members of the NCGC were held and the process resulted in the appointment of Nicolaos Sofianos. • The composition of the committees was reviewed and committee membership was refreshed. • The Committee supported the CEO's proposed appointment of the HR Director to the role of Chief of Staff. • A deep dive of executive succession planning for key roles was undertaken, which evidenced positive focus and development of key talent in 2020.
Executive Succession Planning	<ul style="list-style-type: none"> • Appointment of Executive Director Finance to the Board; • Talent Management. 	<ul style="list-style-type: none"> • An executive member to the Board was appointed following review. • The HR strategy in identifying and managing talent was reviewed and discussed.
Annual Board effectiveness Review	<ul style="list-style-type: none"> • Annual Board Performance Evaluation including its committees and individual directors; • Assignment of External Board Evaluation; • Action Plan for implementing the recommendations of the 2020 internal Board evaluation. 	<ul style="list-style-type: none"> • The internal Board Performance Evaluation of 2020 reported a positive outcome with regard to the Committee's continued effectiveness. • Requests for proposals were sent out to external consultants and after careful consideration of responses Nestor Advisers Ltd were engaged to review Board Performance for 2020.
Disclosure & Governance	<ul style="list-style-type: none"> • Review and approval of revision to the Corporate Governance Framework of the Group; • Approval of the 2020 action plan for corporate governance compliance; • Review and recommendation for approval to the Board of the Group Corporate Governance Policies; • Review of the Annual Corporate Governance Report; • Review of the quarterly corporate governance reports; • Approval of the report on compliance with the CSE Code and the UK Code; • Approval of the Terms of Reference of an Insurance Business Advisory Board; • Committee Terms of Reference; • Sustainability; • Approval of Group Material Risk Takers list; • Corporate Restructuring of investment services subsidiaries. 	<ul style="list-style-type: none"> • Annual review of the Corporate Governance Framework, to incorporate requirements of recent regulatory developments. • A review of the Board Diversity Policy to ensure the action plan in place to achieve 40% female representation on the Board in 2020 is still appropriate. • The Committee approved changes to internal policies that required revising to ensure continued compliance with all applicable corporate governance requirements. • The establishment of an Insurance Business Advisory Board was approved to better coordinate the strategic planning for the major subsidiaries. • The terms of reference of the Committee were revised to include the NCGC's role with respect to assisting the Board fulfil its oversight responsibilities with respect to the strategic plan and advise and guide the ExCo in formulating and implementing a business strategy geared to the sustainable development of the Bank. • The Committee approved the corporate restructuring of the investment services subsidiaries and the absorption of the BOC Asset Management Ltd by CISCO.

5. Board Committees (continued)

5.1 Nominations and Corporate Governance Committee (continued)

Matters considered and action taken by the NCGC in 2020 (continued)

Executive performance review	<ul style="list-style-type: none"> • Performance appraisal of the two executive directors; • Setting of 2020 KPIs of CEO and First Deputy CEO. 	<ul style="list-style-type: none"> • The performance appraisal of the two executive directors was carried out in terms of both their role as executives and as board members. New KPIs more appropriate to the evolving environment were set for 2020.
Independence and time commitments	<ul style="list-style-type: none"> • Review of: <ul style="list-style-type: none"> • Skills, knowledge and expertise; • Independence of non-executive members; • Review of potential conflicts of interest of directors; • Appointments to other directorships; • Attendance records and time commitment. 	<ul style="list-style-type: none"> • The NCGC assessed cases where directors were nominated for appointment to boards of third companies for possible conflict of interests, time commitment issues and limits to the number of directorships a director can hold at any time. • All non-executive directors remained independent as to character and judgement. All directors are considered to have appropriate roles including capabilities and skills. • During the annual performance evaluation each non-executive director and his/her ability to continue meeting their time commitments was assessed.
Training	<ul style="list-style-type: none"> • Further use of the e-learning online training. 	<ul style="list-style-type: none"> • Any training needs of non-executive directors are identified by the directors themselves and communicated to the Chairperson who then ensures that the relevant training / presentations are organised by the Company Secretary.
Subsidiary oversight	<ul style="list-style-type: none"> • Review and approval of the revision of the Corporate Governance Guidelines for subsidiaries; • Recommendation for approval of appointments to the boards of material subsidiaries. 	<ul style="list-style-type: none"> • Alignment of the corporate governance framework of the subsidiaries with that of the Group taking into consideration proportionality. • Appointment of a NED to the board of Eurolife to maintain appropriate balance and differentiation in the two committees of the subsidiary board.

As part of the process of succession planning and determining the appropriate range and mix of skills required to maintain an effective Board, each member of the Board was invited to self-assess against the skills template set out in the Joint ESMA and EBA Guidelines on the assessment of the suitability of members of the management body and key function holder. The assessment provided the Committee with valuable analysis of the skills and experience of Board members as compared to required and desirable Board competencies and contributed to ensuring that the Board continues to have an appropriate range and depth of skills and experience. The Committee continued to keep under review the structure, size and composition of the Board and its committees. In 2020 it devoted considerable time to succession planning and recruitment, having regard to the need to refresh committee membership. Job specifications were prepared to be available for the external consultants who would assist in the search for potential candidates for the positions of chairperson of the AC. Interviews were carried out and a recommendation was submitted to the Board.

The chairperson of the Committee reported to the Board after each meeting to ensure all directors were informed of the Committee's activities. The Committee's terms of reference can be found at www.bankofcyprus.com.

While potential candidates were assessed against the job specifications for the particular role and skills sets, they were also required to be of sufficient calibre and suitable for appointment to the Board as non-executive members and enhance the Board's overall effectiveness, facilitating the Board by acting with integrity, leading by example and promoting the desired customer-focused culture.

5. Board Committees (continued)

5.1 Nominations and Corporate Governance Committee (continued)

The CEO and the CGCO are invited to attend meetings where the agenda items are relevant to them and their attendance is requested by the Committee. The Committee ensures plans are in place for the selection, appointment and orderly succession of executive directors and senior managers. The Group carries out a review of the ongoing suitability of ExCo members on an annual basis, whereby they are required to confirm any changes in their circumstances in respect of their compliance with the CBC Suitability Directive. Any changes in circumstances disclosed are assessed and their materiality determined. Following the review of 2020, certain changes to directorships were reported. The Board concluded that each of the senior management members has the requisite standard of fitness, probity and financial soundness to perform his/her functions effectively.

The Committee keeps under review updates to corporate governance regulations and requirements and briefs the Board on their effective implementation. The Committee oversaw the 2019 internal review of the Effectiveness of the Board and its Committees which concluded in March 2020 and the external review which concluded in February 2021.

5.1.1 Diversity

The Group recognises the importance of ensuring that there is diversity on the Board and is committed to this respect. In reviewing Board composition and identifying suitable candidates, the NCGC considers the benefits of all aspects of diversity including the skills identified as relevant to the business of the Group, industry experience, nationality, gender, age and other relevant qualities, in order to maintain an appropriate range and balance of skills, experience and background on the Board.

The Group's approach to Board diversity is set out in full in the Board Diversity Policy which can be found online at <https://www.bankofcyprus.com/en-GB/who-we-are/corporate-governance/>. The Policy recognises that a truly diverse Board will include and make good use of the differences in skills, experience, background, race, gender and other distinctions brought by each director, with such differences being considered in determining the optimum composition of the Board.

Non-executive members of the Board possess a wide range of skills, knowledge and extensive experience acquired from executive and/or non-executive appointments as directors of other companies that combine to provide independent perspective, insights and challenge needed to support good decision making and effective board dynamics. The effectiveness of the Board depends on ensuring the right balance of directors with banking or financial services experience and broader commercial experience.

All Board appointments are made on merit, taking account of the specific skills and experience, independence and knowledge needed to ensure a well-rounded Board and the diversity benefits each candidate can bring to the overall board composition.

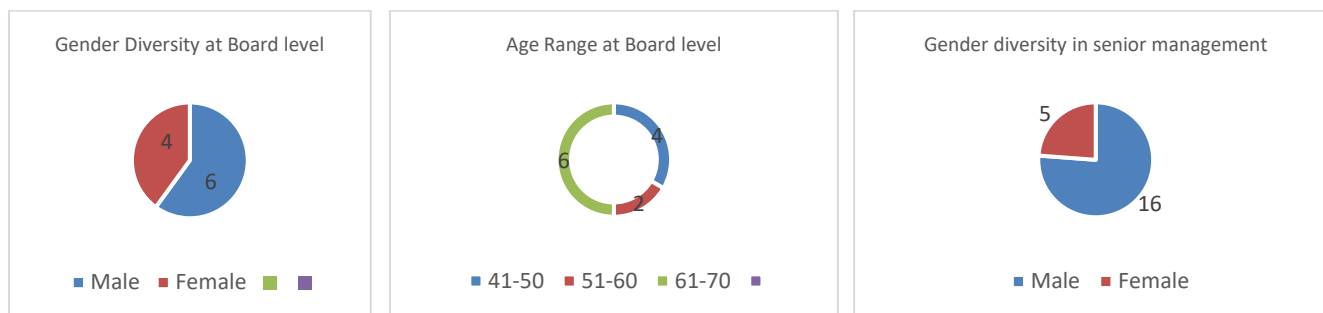
Following review in 2020, the NCGC determined that the skills profile of the Board, either academically or through professional experience was appropriate and relevant to the business of the Group including inter alia, banking, insurance, manufacturing, audit and accounting, economics, risk management, dealing with competent authorities, strategy and business models, legal and consultancy services, information technology and cyber-security and human resource management. To satisfy the need to refresh the membership of the committees it was identified that a candidate with strong auditing, accounting background and deep knowledge of the banking environment to replace Mr. Zographakis as chair of the AC was needed and to this respect Mr. Sofianos was appointed to the Board on 26 February 2021.

Directors bring their individual knowledge, skills and experience to bear in discussions on the major challenges facing the Group. The participation of executives on the Board enhances the banking expertise of the Board and ensures that the Board is provided with direct, precise and up-to-date information about significant issues concerning the Group.

5. Board Committees (continued)

5.1 Nominations and Corporate Governance Committee (continued)

5.1.1 Diversity (continued)



During 2020, the NCGC reviewed the Board Diversity Policy which aimed to achieve gender diversity by 2020 with appointments based on merit in the context of the skills and experience required. The Group was aiming to achieve and maintain 40% female representation by the end of 2020 and was implementing an action plan approved by the NCGC describing all key intervening milestones leading to the accomplishment of this target. The changes in the composition of the Board in 2020 maintained diversity at 33.3%. The representation of women on the Board continues to trend upwards increasing from 0% in 2016 to 33.3% in 2020. The Board remains committed to achieving its set target the earliest possible.

The Board also places high emphasis on ensuring the development of diversity in the senior management roles within the Group. A number of policies within the Group ensure unbiased career progression opportunities. The Code of Conduct similarly ensures equal opportunities to all members of staff and treats diversity with fairness and respect aiming to provide fair treatment for everyone at work.

5.2 Human Resources and Remuneration Committee

On 31 December 2020, the Committee comprised of three independent non-executive members and one non-independent non-executive member. Its composition complied with the requirements of the CSE Code, and the CBC Governance Directive. The Board considers that at least one member of the Committee possesses appropriate knowledge and expertise on Human Resources ('HR') and remuneration issues and that the chair has at least one year prior committee experience. The diverse backgrounds of the members of the Committee provide a balanced and independent view on remuneration matters.

As a result of the refreshing of committee membership, on 31 May 2020 Michael Heger stepped down as chair of the Committee and was replaced by Maria Philippou who had been a member of the Committee since July 2018. In order to ensure that remuneration policies and procedures are consistent with effective risk management, there is common membership between the HRRC and the RC.

Biographical details, including each member's background, experience and independence status are set out in section 4 of this report.

The Committee held 11 meetings in 2020. The chair and members of the Committee together with their attendance at meetings are shown below. The CEO and the Chief of Staff are invited to attend meetings as appropriate.

5. Board Committees (continued)

5.2 Human Resources and Remuneration Committee (continued)

Member attendance in HRRC meetings* in 2020:

Maria Philippou (Chair) (appointed 1 June 2020)	11/11
Michael Heger (stepped down as chair on 31 May 2020)	11/11
Anat Bar-Gera (resigned 25 May 2020)	6/6
Lyn Grobler (appointed 1 June 2020)	5/5
Maksim Goldman (appointed 1 June 2020)	5/5

* The number of committee meetings at BOC PCL level were 12 during 2020. The attendance of these meetings can be found on page 292.

The key responsibilities of the HRRC are set out in its terms of reference, which are available on the Group's website (www.bankofcyprus.com) and are reviewed annually and approved by the Board.

The role of the Committee is:

- To oversee that the Group is equipped with the human capital at the right size and with the right skill mix necessary for the achievement of its strategic goals. It is imperative for the Group to employ the appropriate forward-looking, commercially minded, human resources that would promote digital transformation and continuous innovation;
- To oversee that the Group is equipped with the organisational capital to be able to effect continuous improvement and elicit the right behaviour which would lead to the desired outcome;
- To oversee that the Group is equipped with the information capital and the technology necessary to facilitate process improvements that will create a comparative advantage in the market;
- To propose adequate remuneration considered necessary to attract and retain high value-adding professionals. Therefore, remuneration has to be satisfactory vis-a-vis peer companies;
- To set the overarching principles and parameters of compensation and benefits policies across the Group and exercise oversight for such issues;
- To consider the remuneration arrangements of the executive directors of the Group, other senior managers and the Group Remuneration Policy bearing in mind the European Banking Authority ('EBA') Guidelines on remuneration policies and practices, the CBC Governance Directive the CSE Code, the UK Code and any other applicable or regulatory requirements.

The HRRC oversees the HR initiatives that foster employee engagement such as the application of a holistic internal communication programme, the implementation of the 'Well-at-Work', an employee wellbeing / care programme and the application of fair and transparent recognition initiatives across the Group.

The HRRC holds delegated responsibility from the Board of Directors for the oversight of Group-wide Remuneration Policy with specific reference to the senior management, heads of internal control functions and those employees whose activities have a material impact on the Group's risk profile. The HRRC is responsible for overseeing the annual review of the Group Remuneration Policy with input from the RC and relevant risk management functions which is then proposed to the Board for ratification. In addition, the Board, through the Committee, is ultimately responsible for monitoring the implementation of the Group Remuneration Policy. The Group is currently operating under a number of remuneration restrictions which cover all executive directors, senior management and employees. More information about the role of the Committee in respect of the Remuneration Policy can be found in the Remuneration Policy Report on page 325.

The remuneration of non-executive directors is determined by the Board following the recommendation of the Chairperson of the Board and is subject to approval by the shareholders. No director is involved in decisions regarding their own remuneration. The remuneration of the Chair and the Vice-Chair is a matter for the HRRC.

5. Board Committees (continued)

5.2 Human Resources and Remuneration Committee (continued)

The Committee exercises oversight of negotiations with the trade union in Cyprus and provides guidance and support to management. It advises the Board on the approval of the collective agreements and reviews the framework of industrial relations and collective agreements to ensure they are relevant to best practices and conducive to good performance. The Committee reviews any voluntary retirement / separation schemes for BOC PCL and material subsidiaries in cooperation with the Human Resources Division ('HRD') and succession planning for all divisions and subsidiaries for senior management throughout the Group. It also reviews the annual training plan as prepared by HRD and approved by the CEO and ensures that it creates and/or develops the right competencies and behaviours that are necessary for meeting the Group's strategic priorities.

The Committee reviews and approves the content of any resolutions submitted for approval at the general meeting of the shareholders. These resolutions are prepared by the Company Secretary in cooperation with the Group's legal advisers in accordance with Annex 3 of the CSE Code and concern possible plans for the compensation of members of the Board in the form of shares, share warrants or share options.

Matters considered and action taken by the HRRC in 2020

Annual Remuneration Review	<ul style="list-style-type: none"> • Annual review and approval of the Remuneration Policy; • Variable Pay Framework. 	<ul style="list-style-type: none"> • Salary increases to key executive team members to align with market and recognise the undertaking of added responsibilities following the restructuring of 2019. • Discussion took place on the framework of variable play, but decision was postponed given the circumstances of the COVID-19 pandemic and its effect on profits.
Disclosure and governance	<ul style="list-style-type: none"> • Review of the Remuneration Policy Report in the Annual Report; • Review of the Terms of Reference of the Committee; • Monitoring of the development of payroll cost; • Review of a number of HR Policies. 	<ul style="list-style-type: none"> • The Report was reviewed and approved. • The Committee recommended amendments to its terms of reference to ensure continued compliance with evolving corporate governance requirements. • The internal Board Performance Evaluation of 2020 reported a positive outcome with regard to the Committee's continued effectiveness.
Human resources review	<ul style="list-style-type: none"> • Monitoring of the Bank's headcount and payroll cost evolution as well as the external recruitment process; • Review of the targeted VEP; • Code of Ethics; • Code of Conduct; • HR Complaints Management; • Review of Talent Management and High Value Employee Policy; • Specialised recruitments. 	<ul style="list-style-type: none"> • The Committee reviewed the Group's plan which identified obsolete positions emanating from digital transformation efficiencies, closure of branches etc. Consultation with the trade union took place to ensure its on-boarding with the plan and the targeted VEP. • The HR strategy in identifying and managing talent was reviewed and discussed. • Specialised recruitment for IT positions for which no internal talent was identified.
Training	<ul style="list-style-type: none"> • Review of the training plan of staff for the year. 	<ul style="list-style-type: none"> • The training plan was reviewed to ensure it is appropriate and aligned to the strategy of the Group.
Engagement with trade union	<ul style="list-style-type: none"> • Close monitoring of the progress of the negotiations with regards to renewal of the Collective Agreement. 	<ul style="list-style-type: none"> • The CEO and the Chief of Staff held meetings with labour union representatives to discuss the collective agreement.

5. Board Committees (continued)

5.2 Human Resources and Remuneration Committee (continued)

Matters considered and action taken by the HRRC in 2020 (continued)

<p>Performance and Remuneration of Senior Management</p>	<ul style="list-style-type: none"> • Performance Appraisal; • Annual review of the remuneration of the senior management team; • Early retirement of First Deputy CEO and Executive member of the Board. 	<ul style="list-style-type: none"> • There is an appropriate process in place to assess the performance of Senior Executives. • Changes to Senior Executive remuneration are properly assessed and approved. • Dr Patsalides' compensation was customised to reflect his tenure, seniority and early retirement.
<p>Performance Appraisal, Development and Succession</p>	<ul style="list-style-type: none"> • Review of the performance appraisals of senior management; • Review of the Performance Appraisal results and main findings; • Review of the Performance Appraisal Policy. 	<ul style="list-style-type: none"> • Reviewed the results of the appraisal process, recommended amendments to the process based on the findings of Internal Audit. • Reviewed the findings of the Management Practices Survey whereby subordinates assess their managers across 12 management dimensions and encouraged the use of the leadership accelerator program for development interventions.
<p>Human Resources Practices</p>	<ul style="list-style-type: none"> • HR Strategy; • HRD update Report (exit statistics, disciplinary cases, financial aid, care leave, vulnerable cases in view of pandemic); • Special sick leave for vulnerable health employees; • Flexible Workplace Practices; • Covid-19 Pulse Survey; • Update on Risk Culture project; • Well at Work. 	<ul style="list-style-type: none"> • Various initiatives introduced by HRD to align culture with strategy were reviewed and commented on by the Committee. • For high risk vulnerable employees who stayed at home as per governmental guidelines, the Bank agreed to top-up the government's allowance. • Announcement of an Employee Assistance line which is an optional telephone service headed by external occupational clinical psychologists aimed at providing psychological support to employees as needed. • Well at Work website- a tailor-made web page, created in cooperation with the Bank's external medical partners, with a specialised section on COVID-19 that includes general advice, information, videos Q&As etc. • Ongoing project as part of the Bank's efforts of enhancing its risk and control culture. • Launch of Yammer as an additional interactive communication tool- utilised by employees to share thoughts and messages. • Unpaid sabbatical leave and part time employment to be internally marketed while consideration is paid to flexible working hours and remote working subject to labour union agreement. Part-time employees to have the same terms and working conditions and equal treatment as full-time employees.

Priorities for the HRRC in 2020 were the action plan of the HRD to further promote employee engagement and encourage two-way open communication. Further, the Committee was kept informed and updated on the discussions for the renewal of the collective agreement and other matters with the trade union.

5. Board Committees (continued)

5.2 Human Resources and Remuneration Committee (continued)

The Board is informed through the HRRC on staff surveys and is updated on progress in implementing actions in response to staff feedback. The Staff Opinion Survey is run on an annual basis, aiming at evaluating employee engagement and enablement levels while identifying areas of focus and improvement going forward. The Internal Customer Satisfaction Survey allows employees to evaluate the level of service they receive from various internal departments of the Bank. In 2020 a COVID-19 Pulse survey was run to assess the employees' satisfaction level regarding the management of the pandemic and to draw valuable information regarding the effectiveness of new/alternative working practices (Work from home, skype meetings etc).

The Committee considered and recognised the strength of the mechanisms in place to engage with and hear from employees. Methods of gathering and documenting workforce views, and considering how themes and viewpoints of the workforce would be presented to and considered by the Board for discussion and debate were assessed to encourage a meaningful dialogue between the Board and the workforce on a timely basis.

Information from staff surveys allowed the Bank to proceed with major changes in the way it engaged with its workforce. Initiatives such as the Internal Opportunities program whereby open positions are advertised on the employee portal and staff members may apply for more senior positions runs successfully. Interviews are held with all applying staff that meet the qualifications and successful candidates have a second interview before a decision is reached. Decisions are justified and staff is informed whether successful or not.

The 'Kill B' project introduced to eradicate bureaucracy through recommendations made by staff has been successful. Over 70 such recommendations were implemented in 2020 while more are being evaluated.

To encourage two-way communication the Ask the CEO email address has been set up so as to allow employees to directly communicate with the CEO should they want to. Additionally, Yammer – a corporate social collaboration tool - was introduced in 2020. The Group's existing whistleblowing channel provides an opportunity for all staff to raise concerns in confidence.

97% of staff received training in 2020 amounting to about 2.4 days in training for each member of staff. The Extra Mile Staff Acknowledgement Scheme continued during 2020, allowing for the non-monetary staff recognition of staff for exceptional behaviours in the areas of Change & Innovation, Outstanding Contribution, Team Spirit, Customer Centricity and Our Values.

Internal communication is further encouraged with the quarterly financial results being presented by the Executive Director Finance through a presentation on the employee portal. Regular one-way communication from the Bank to employees through the employee portal, emails to all staff and the CEO corner keeps employees engaged. At the other end of the spectrum, one-way communication from employees to the Bank are the Annual Staff Opinion Survey, Internal Customer surveys, other ad hoc surveys and Pulse surveys.

The 'Darewinners' initiative which identified a group of individuals from across the Group and from all levels of hierarchy to facilitate the implementation of change during all the stages of the Bank's transformation is another two-way communication tool. In 2019, the 'Well at Work' wellbeing programme was introduced aiming to ensure that staff is well both at work as well as in their private life. The program is based on four pillars: Physical health; mental health; social health; financial health, all essential elements for an organisation that relies on its human resources to move forward. These goals are achieved through specific initiatives, seminars and other actions that are being enriched on an on-going basis. Some of the tools already available are seminars on mental physical and financial health and an employee assistance line.

The Board agreed to adopt an alternate approach to the workforce engagement methods set out in the UK Code. The primary reason for taking a different approach is that there is regular interaction with the trade union which represents 97.7% of staff. Remuneration within the Group is based on collective agreements including remuneration of executive management except that of CEO which is a fixed term contract and there are restrictions on variable remuneration for all employees including executive directors. The Remuneration Policy covers all employees including executive directors. The Board is informed on how the workforce responds to management initiatives through Staff Opinion Surveys, Internal Customer Satisfaction and others and through the whistleblowing process.

5. Board Committees (continued)

5.2 Human Resources and Remuneration Committee (continued)

The information from surveys; the whistleblowing process; other information reported from the Working Team on culture; disciplinary actions; grievances themes etc were reported to and discussed by the HRRC and the ECCC before being reported to the Board. It is hereby confirmed that the workforce engagement method that the Board has settled on is through internal communication initiatives facilitated by the HRD overseen by the HRRC. Further methods of engagement with the workforce will be explored in 2021.

The Digital Transformation Programme, initiated to further specialise, further modernise and reduce the Bank's operating costs is of paramount importance in safeguarding the Bank's viability. Further reorganisation and the abolition of a number of jobs/positions in 2020 allowed the Group to proceed with a targeted VEP. The VEP allowed 27 employees to depart smoothly, in receipt of a compensation.

Further information on the role of the Committee is presented in the Remuneration Policy Report, on page 325 of this report.

The chair of the Committee reported to the Board after each meeting to ensure all directors were fully informed of the Committee's activities.

5.3 Audit Committee

As at 31 December 2020, the AC comprised of four independent non-executive directors. The Board considers that the AC's members, as a whole, have experience of the banking and financial services sector. The Board further believes that Ioannis Zographakis and Paula Hadjisotiriou can be regarded as having recent and relevant financial experience for the purposes of the UK Code and can be regarded as Audit Committee financial experts.

Biographical details, including each member's background, experience and independence status are set out in section 4 of this report.

The CEO, Executive Director Finance, Chief Risk Officer, Internal Audit Director, Director of Compliance, the statutory auditors and the Company Secretary are regular attendees. As part of and in addition to each scheduled meeting the Committee held private members-only meetings. The Committee held 12 meetings during 2020. The chairperson and members of the Committee together with their attendance at meetings are shown below. Ioannis Zographakis and Paula Hadjisotiriou are also members of the RC. Michael Heger is also a member of the HRRC. Such common membership facilitates effective governance across all finance and risk issues. Agendas can be aligned and overlap of responsibilities can be avoided.

Member attendance in AC meetings* in 2020:

Ioannis Zographakis (Chair)	12/12
Arne Berggren	12/12
Michael Heger	11/12
Paula Hadjisotiriou	12/12

* The number of committee meetings at BOC PCL level were 14 during 2020. The attendance of these meetings can be found on page 292.

The key responsibilities of the AC are set out in its terms of reference, which are available on the Group's website (www.bankofcyprus.com) and are reviewed annually and approved by the Board.

The role of the Committee, inter alia, is:

- To review and monitor the effectiveness of the Group's system of internal controls;
- To assess the integrity of the Group's financial statements and related announcements;
- To advise the Board on appointment of the external auditors and be responsible for oversight and remuneration of the external auditor, including monitoring their independence and objectivity;
- To review the Group's and Company's financial and accounting policies and practices;
- To monitor the effectiveness of the Group's whistle-blowing procedures and to report to the Board on its findings;
- To monitor the effectiveness of the internal audit function and the external audit process;

5. Board Committees (continued)

5.3 Audit Committee (continued)

- To monitor the effectiveness of the anti-money laundering function of the Company and all other aspects of regulatory compliance;
- To assist the Board in meeting its obligations under relevant stock exchange listing rules and other applicable laws and regulations;

and to make recommendations to the Board on such matters.

The role of the Committee is fundamental to ensuring the integrity and accuracy of the Company's financial reporting. Good, open relationships between the Committee, the Executive Director Finance, the Internal Audit Director and the Director of Compliance as well as the external auditors, are essential to adding value to the organisation. This is achieved by holding management to account for the implementation of all audit recommendations (internal and external) and inviting appropriate senior managers to meetings to explain how they are delivering the agreed actions for which they are responsible. In addition to providing assurance within the governance and accountability structures of the Group, it is essential that the Committee contributes, delivers results and adds value to the Group.

The AC carried out deep dives on Funds Transfer Pricing (FTP) Methodology and Performing Loans in 2020 and considered the following key significant accounting and other related issues in its review of the financial statements for the year ended 31 December 2020. In addressing these issues, the AC considered the appropriateness of management's judgements and estimates and where appropriate, discussed those judgements and estimates with the external auditors.

5. Board Committees (continued)

5.3 Audit Committee (continued)

Matters considered and action taken by the AC in 2020

Conversion of Deferred Tax Assets to Deferred Tax Credits	<ul style="list-style-type: none"> IAASA communication with reference to disclosures on DTC. 	<ul style="list-style-type: none"> The Committee discussed with management its assessment of the recoverability of the DTA and the related disclosures. The Committee and the Board concluded that it was probable that there would be sufficient taxable profits in the future to recover the DTAs recognised arising from unused tax losses, and the related disclosures were appropriate.
One-off transactions and other matters	<ul style="list-style-type: none"> Helix II sale of loans. 	<ul style="list-style-type: none"> The Committee discussed the impact the sale of loans would have on the Bank as well as the project Estia on applicable NPEs.
External Reporting	<ul style="list-style-type: none"> Review and recommendation for approval of the annual and interim reporting; Review and approval of the quarterly financial results; Review and approval of the Group's existing accounting policies; Approval of new and significant changes in existing policies; Endorsement of the going concern assessment for the purposes of the basis of preparation of the financial statements. 	<ul style="list-style-type: none"> The AC considered management's assessment of the appropriateness of preparing the financial statements of the Group on a going concern basis. Matters considered in making this assessment included the performance of the Group, profitability projections, funding and capital plans under base and stress scenarios. The considerations assessed by the AC in relation to the going concern assessment are also set out in Note 3 of the Consolidated Financial Statements.
External Auditors	<ul style="list-style-type: none"> Discussion of the results of the audit of the financial statements; Evaluation of the independence of the external auditors; Assessment through Audit Quality Indicators (AQI) of the effectiveness of the external audit process; Approval of audit, tax compliance and other assurance fees for the year; Approval of permissible non-audit services assigned to the auditors; Update on the 2020 External Audit Plan. 	<ul style="list-style-type: none"> The AC assessed through the AQIs the effectiveness of the external auditors. The external auditors presented their audit plan for the year ended 2020. The external auditors presented their conclusions in relation to the significant estimates and judgements and discussed them with management. The auditors as part of their audit approach in line with the prior year included testing of IT general controls where financial reporting controls relied on the specific IT systems in scope and provided updates on the prior year findings in this space. Further follow-ups were provided on findings in other areas of the external audit. These will continue to be discussed along with management's actions.
Litigation	<ul style="list-style-type: none"> Litigation provisioning. 	<ul style="list-style-type: none"> The methodology used for litigation provision was revisited following cases where decisions were issued in Greek and Cyprus courts.

5. Board Committees (continued)

5.3 Audit Committee (continued)

Matters considered and action taken by the AC in 2020 (continued)

Governance	<ul style="list-style-type: none"> • Review of the revised terms of reference of the AC; • Approval of the Corporate Governance Report; • Approval of the Directors' Compliance Statement. 	<ul style="list-style-type: none"> • The Board has delegated authority to the NCGC to draw up the Annual Corporate Governance Report, but the AC retains its duty to review and approve the Annual Corporate Governance Report. • Relevant clarifications were sought and the AC was satisfied with respect to the Annual Corporate Governance report and the Directors' Compliance Statement.
Compliance	<ul style="list-style-type: none"> • Review of the Group Financial Crime Compliance Department ('FCCD') Annual Report; • Review of the Group FCCD Risk Management Report; • Review of the Compliance Annual Report; • Review and approval of the Compliance Division Action Plan; • Review and approval of the Anti-Money Laundering ('AML') risk appetite statement and policies; • Consideration of major compliance issues and reports submitted to it by Compliance Division; • Review and approval of the various regulatory & ethics compliance policies; • Update on important forthcoming regulatory developments; • Report of the DPO; • Compliance Management System; • Appraisal of the Director Compliance; • Implementation of New Automated AML Scorecard; • Review of the Data Privacy compliance function. 	<ul style="list-style-type: none"> • The progress of GDPR compliance was monitored. • The impact of the scorecard on reviewing and assessing AML risk was discussed at length. • A high-level presentation of the newly implemented Compliance Management System was made to the AC to be followed by an in-depth presentation three months after implementation to discuss efficiencies created.
Internal Audit	<ul style="list-style-type: none"> • Annual Audit Report; • Review of the Internal Audit's (IA) Triennial Audit Plan; • Review of the independence of the IA Division and the IA Director; • Appraisal of the IA Director; • Review of the Internal Audit Division Charter; • Approval of the IA budget; • Review of the IA quarterly activity reports; • Overview of the Information Systems Audit Services; • IA skills Assessment; • Update on complaints received through the whistleblowing line. 	<ul style="list-style-type: none"> • The conclusions arising from the internal audit activity as described in the 2020 Annual Audit Report were discussed. The areas of focus were NPEs considering the associated external factors, as well as Information Systems and Data Governance based on the results of Internal Audit engagements. • The effectiveness of the internal audit function was assessed as adequate and recommended to the Board for discussion. • Investigation reports, internal audit report findings and recommendations were discussed as well as management's response and actions. • The Committee discussed the report on the operation and effectiveness of the whistleblowing procedure. The report provided the Committee with assurance of the Group's compliance with the Policy. Subsequently the chairperson of the Committee reported to the Board.

5. Board Committees (continued)

5.3 Audit Committee (continued)

Matters considered and action taken by the AC in 2020 (continued)

Internal controls	<ul style="list-style-type: none"> • Annual review of the effectiveness of the Group’s internal controls; • Customer Complaints Management Report; • Review of the IT Action Plan to address audit findings. 	<ul style="list-style-type: none"> • The opinion provided in the 2020 Annual Audit Report on the effectiveness of the internal control framework was discussed and mutually agreed. Reasonable assurance was provided, with emphasis on specific matters, that the system of internal controls within the Group is adequately designed and operates effectively, to address significant risks according to the risk appetite set by the Board of Directors. Emphasis is provided on specific areas and in particular on non-performing exposures (NPEs) and Information Systems, which require management’s attention to further reduce risk exposure. • Customer Complaints received were discussed. A ‘lessons learned’ approach is applied by the Complaints Management Unit to ensure the Bank improves its operations to ensure customer satisfaction. • The progress of addressing IT audit findings was discussed. KPIs were introduced for improved management. IT Risk Management and IT Assurance Framework were introduced to address the mode of operation and responsibilities to manage risk and assurance elements.
-------------------	---	---

The Committee has exercised its authority delegated by the Board for ensuring the integrity of the Group’s published financial statements, by discussing and challenging the judgements made by management and the assumptions and estimates on which they are based. The Committee on behalf of the Board reviewed the 2020 Group Annual Financial Report and the process by which the Group believes that the Annual Report taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group’s position and performance, business model and strategy. Following review, the Committee has advised the Board that such a statement can be made in the Annual Report (page 43).

A key activity for the Committee is the consideration of significant matters relating to the annual financial report, with key accounting judgements and disclosures subject to in depth discussion with management and PwC. The Committee provides robust challenge to key judgements in advance of making a recommendation to the Board that all financial reports are considered to be a fair, balanced, and understandable assessment of the Group’s financial position. The most significant judgements, estimates and assumptions in 2020 related to classification of financial instruments and the calculation of expected credit losses, the estimation of the net realisable value of stock of property and provisions relating to pending litigation. The deterioration of the economy in 2020 as a result of COVID-19 and the lockdown measures led to significant disruptions in economic activity. The Committee discussed the appropriateness of the three different economic scenarios used by the Group in the calculation of expected credit losses for loans and advances to customers. Further information is set out in Note 5 of the Consolidated Financial Statements.

The Committee considered for disclosure all material relevant issues that have concerned management and the Group statutory auditors during the year.

Management reporting to the Committee from across the business has provided the opportunity for the Committee to challenge, probe, discuss and seek assurances from management, enabling the Committee to provide an independent perspective. The AC considered among others, the following significant issues in its review of the financial statements for the year ended 31 December 2020. In addressing these issues, the Committee discussed key areas of management’s judgements and estimates with the external auditors, PricewaterhouseCoopers (‘PwC’); particular areas for discussion included their findings/observations as part of their audit/review of the Group’s financial statements, including inter alia, loan provisioning and impairment, going concern assessment, litigation and claim provisions and observations in relation to the Group’s controls over Information Technology.

5. Board Committees (continued)

5.3 Audit Committee (continued)

The AC in joint meetings with the RC also considered management's recommendations in respect of provisions for impairment of loans and advances and other impairment losses and charges as reported in the Group's financial statements.

Specific matters considered by the Committee were: the effectiveness of the system of internal controls, financial reporting, the major findings of internal audits and investigations into control weaknesses and management's response. The AC has received confirmation that executive management has taken or is taking the necessary actions to remedy any failings or weaknesses identified through the operation of the Group's framework of controls and will continue to reassess and remediate further as needed.

The Bank is obligated to have in place a Recovery Plan that sets out recovery options to be initiated in the event of the Group coming under severe financial stress. During 2020 the AC received updates and discussed with management the structure of the Recovery Plan.

The Committee has the responsibility for examining any significant transactions in any form, carried out by the Company and/or its subsidiary companies, where any member of the Board, CEO, senior executive officer, Secretary, auditor or large shareholder has, directly or indirectly, any significant interest. It ensures that these transactions are carried out within the framework of the Company's normal commercial practices (at arm's length).

The Committee received regular reports from the Executive Director Finance, the Internal Audit Director and the Director of Compliance as well as the Chief Risk Officer who regularly attended the Committee's meetings. Reports were submitted to the Committee on internal control matters. The Committee has regular discussions with the external auditors, the Internal Audit Director and the Director of Compliance on various issues without the presence of the management.

Other responsibilities

The AC and the RC liaise closely and in joint committee meetings, review the appropriateness of and completeness of the system of internal controls. The AC is primarily responsible to review the manner and framework in which management ensures and monitors the adequacy of the nature, extent and effectiveness of internal controls system, including accounting control systems, thereby maintaining an effective system of internal controls. The Committee holds individual private sessions with the Internal and External Audit teams (without other members of the Executive management being present) and the Executive Director Finance during the year.

The chairperson of the Committee holds the role of Whistleblower's Champion and has specific responsibility for the integrity, independence and effectiveness of the Group's policies and procedures on whistleblowing, including the procedures for protecting employees who raise concerns from detrimental treatment. He has also been named as the designated Board member responsible for the implementation of the AML Law and relevant Directives.

As a result of the Committee's work in 2020, assurance has been provided to the Board on the quality and appropriateness of the Group's financial reporting and on internal audit, compliance and regulatory matters, to continue to safeguard the interests of the Group's broader stakeholders.

The Committee's performance during 2020 was assessed as part of the internal performance evaluation of the Board. The conclusion drawn was that the Committee is regarded as operating effectively and the Board takes assurance from the quality of the Committee's work. The chairperson of the Committee reported to the Board after each meeting to ensure all directors were fully informed of the Committee's activities.

It is noted that Eurolife Ltd and General Insurance Cyprus Ltd also maintain an Audit Committee which reports to the AC on an annual basis.

5. Board Committees (continued)

5.3 Audit Committee (continued)

5.3.1 Internal Audit & Compliance Divisions' effectiveness

The Internal Audit and Compliance Divisions report directly to the Board through the AC. They are organisationally independent of units with other executive functions and are not subordinated to any other unit of the Company, except the Director of Compliance who has a dotted reporting line to the CEO, for administration matters. The Committee's activities included the consideration of reports submitted by the Internal Audit and Compliance Divisions.

In monitoring the activities and effectiveness of Internal Audit Division, the Committee approved the annual audit plan and budget, including resources, and reviewed progress against the plan throughout the year.

The Committee received regular reports from Internal Audit on internal audit activities across the Group which outline details of the audit approach, management engagement and areas identified during audits for further strengthening across the Group's risk management and internal control framework. These reports cover matters of relevance to the Committee in assessing the effectiveness of the internal controls. Reports are rated based on the adequacy and effectiveness of control environment in operation, as well as management's awareness of the risks facing their business area. In conjunction with Internal Audit reports, the Committee considers management's responses to, and the timeliness of the remediation of identified issues.

The Committee has satisfied itself that the Internal Audit Division was effective and adequately resourced through regular meetings held with and reports provided by the Internal Audit Director on internal audit issues, including the effectiveness and adequacy of resources. The Committee received reports over the course of 2020 on the activities of the internal audit function and reviewed its planned activities for the following year.

Management's responses to Internal Audit's findings and recommendations and mitigating actions taken were reviewed and monitored. The monthly reports issued by the Internal Audit Director enable the Committee to focus discussion on specific areas of concern and root causes and to track remediation progress over time.

Regular reports are submitted by Compliance Division to the AC on matters relating to regulatory risk across the Group. The Committee also received reports from the Money Laundering Compliance Officer on the operation and the effectiveness of the systems and controls established by the Group to manage Financial Crime Compliance ('FCC') risk. FCC incorporates money laundering, terrorist financing, sanctions and bribery and corruption and is a key area of Committee focus. The remediation plan approved by the AC across the Group on customer due diligence is rigorously monitored. There is zero-tolerance on money laundering and terrorism financing incidents and no excuses are accepted for any violations of the relevant legislation or for breaches of the Group's internal policies, procedures and its compliance framework.

The Committee proposes to the Board the appointment, replacement, transfer or removal of the Internal Audit Director and the Director of Compliance. It submits a report to the Board on the assessment and monitoring of the independence, adequacy and effectiveness of Internal Audit and the Compliance Division.

Assurances have been sought and received by the Committee concerning the resourcing of the Finance Division, the Internal Audit and Compliance functions.

5.3.2 Arrangements relating to the external auditors

The Committee oversees the relationship with the external auditors. During the year, the Committee considered PwC's terms of engagement, including remuneration, its independence, audit quality / performance, objectivity and considered the plans for the interim review and year-end audit.

Appropriate safeguards are in place to protect the independence and objectivity of PwC. The Committee operates a Group Policy on the Provision of Non-Audit Services by the Group's statutory auditors in line with the EU Directive and the Auditors' Law to regulate the use of the statutory auditors for non-audit services. In order to ensure the objectivity and independence of the PwC, the policy formalises certain restrictions in the provision of non-audit services by PwC and requires that any engagement of the external auditors for services must be approved in advance by the Committee. Quarterly, details of approved non-audit services are presented to the Committee for review, including monitoring of the balance between audit and permissible non-audit services.

5. Board Committees (continued)

5.3 Audit Committee (continued)

5.3.2 Arrangements relating to the external auditors (continued)

The AC is responsible for overseeing all matters relating to the relationship between the Group and its statutory auditors, including the external audit plan, terms of engagement, audit and non-audit fee arrangements, interim findings and audit finding reports. The AC also meets semi-annually with the auditors without management present.

The Group is committed to ensuring the independence and objectivity of the statutory auditors and on a semi-annual basis the AC formally reviews the effectiveness, independence and performance of the external auditors. The AC reviews the external auditors' approach and strategy for the annual audit and audit findings.

This process is supported by tailored questionnaires completed by the AC members and relevant senior management personnel. The responses received are collated and presented to the AC for discussion.

The external auditors do not provide internal audit services to the Group. The AC reviews annually a detailed analysis of the audit and non-audit fees relating to work done by the external auditors, to confirm their independence and refers this analysis to the Board. The External Recruitment Policy provides on hiring employees or former employees of the external auditor.

Information on fees paid in respect of audit and non-audit services, along with details of non-audit services provided during the year are set out in Note 15 of the Consolidated Financial Statements.

In accordance with the provisions of the European Directive on statutory audits and following a transparent and competitive tender process in 2017, the AC recommended to the Board the appointment of the audit firm of PricewaterhouseCoopers ('PwC') for accounting periods commencing 1 January 2019. The AGM held on 26 May 2020 considered the continuation in office of PricewaterhouseCoopers as Auditors of the Company and authorised the Board to fix their remuneration. The AC assessed the independence of the statutory auditors prior to the commencement of the audit period and continues to assess their independence on a six-monthly basis. The Committee concluded that it was satisfied with the independence, quality and performance of PwC in respect of the year ended 31 December 2020 and recommended that the Board propose PwC for reappointment for approval at the 2021 AGM. The lead partner for the audit engagement is Mr. Kevin Egan.

The effectiveness of the external audit process was also assessed using AQIs and discussed with the Internal Audit, the Executive Director Finance, the Chief Risk Officer and the CEO.

5.4 Risk Committee

The RC as at 31 December 2020 comprised of two independent non-executive directors and one non-independent non-executive director. The Board considers that the RC, as a whole, possesses adequate knowledge, skills and expertise to fully understand and monitor the risk strategy and the risk appetite of the Group.

Biographical details, including each member's background, experience and independence status, are set out in section 4 of this report.

The Committee held 17 meetings during 2020. The chairperson and members of the Committee together with their attendance at meetings are shown below.

5. Board Committees (continued)

5.4 Risk Committee (continued)

Member attendance in RC meetings* in 2020:

Ioannis Zographakis (Chair) (appointed 1 June 2020)	17/17
Arne Berggren (Chair) (stepped down 31 May 2020)	6/6
Maksim Goldman	16/17
Paula Hadjisotiriou	17/17

* The number of committee meetings at BOC PCL level were 17 during 2020. The attendance of these meetings can be found on page 292.

To ensure coordination with the work of the AC, Mr. Zographakis and Mrs Hadjisotiriou are members of the AC. Mr. Goldman is also a member of the HRRC. Such common membership facilitates effective governance across all finance and risk issues. Agendas can be aligned and overlap of responsibilities can be avoided. There are regular joint meetings of the AC and RC to ensure there are no gaps in the oversight of internal controls and that any areas of significant overlap are appropriately addressed.

The main purpose of the Committee is to review, on behalf of the Board, the aggregate risk profile of the Group, including performance against risk appetite for all risk types and to ensure that both the risk profile and risk appetite remain appropriate. Specifically, it:

- Advises the Board on risk appetite and alignment with strategy;
- Monitors the effectiveness of the Group's risk management and internal control systems except from financial reporting and compliance internal control systems;
- Monitors the Group's risk appetite and risk profile against key performance/risk indicators as set out in the Group's Risk Appetite Statement;
- Identifies the potential impact of key issues and themes that may impact the risk profile of the Group;
- Ensures that the Group's overall risk profile and risk appetite remain appropriate given the external environment, any key issues and themes impacting the Group and the internal control environment;
- Seeks to identify and assess future potential risks which, by virtue of their uncertainty, of low probability and unfamiliarity may not have been factored adequately into review by other Board committees;
- Advises the Board on alignment of remuneration with risk appetite (through advice to the Group HRRC); and
- Advises the Board on risks associated with proposed strategic acquisitions and disposals.

The Bank, like all other financial institutions, is exposed to risks, the most significant of which are credit risk, liquidity and funding risk, market risk, operational risk and property price risk. The Group monitors and manages these risks through various control mechanisms and reviews the mitigating actions proposed by management.

The Committee gives detailed consideration to existing and emerging risks, through a balanced agenda which ensures sufficient focus on standing areas of risk management through the Group Risk Framework, together with specific attention being given to those emerging risks which are considered to be of ongoing importance to the Group and its customers.

Emerging risks included areas such as transformation risk, data management, IT resilience and information security (including cyber security), where the dynamic nature and significance of related risks and challenges continue to evolve.

5. Board Committees (continued)

5.4 Risk Committee (continued)

Key matters included:

- Recommending the Group's risk appetite framework and Risk Appetite statement. Considering breaches of risk appetite, remediation plans and required communications;
- Recommending policies for Credit, market and Liquidity risks and approving other key risk policies;
- Regularly assessing the Group's overall risk profile and emerging risk themes, hearing directly from the Chief Risk Officer and regularly reviewing the risk report and risk appetite dashboard;
- Receiving reports on the Group's operational and technology capability, including specific updates on cyber risk capability, IT resilience, IT Service Continuity Management and Data Management;
- Recommending the Group's plan for managing NPEs a key driver of managing legacy credit risk and reviewing the risk aspects of NPE sales;
- Recommending the 2020 ICAAP and ILAAP and Recovery Plan.

At each meeting, the RC reviews the risk report which identifies key issues and includes a view of the Group's risk appetite statement, as well as top and emerging risks. The Committee provides challenge and review to the Group's regulatory submissions relating to capital management and liquidity adequacy assessments.

To ensure consistency of scope and approach by subsidiary company committees, the RC has established core terms of reference to guide subsidiary companies when adopting terms of reference for the non-executive risk committees. The Committee's endorsement is required for any proposed material changes to subsidiary company risk committee terms of reference and for appointments to such committees.

Detailed information relating to Group Risk Management is set out in Notes 45 to 48 of the Consolidated Financial Statements and the Additional Risk and Capital Management Disclosures section of the 2020 Annual Financial Report.

Key areas of focus for the Committee during the year were: recommending the Group's risk appetite framework and Risk Appetite Statement; considering breaches of risk appetite, remediation plans and required communications; recommending policies for Credit, Market, Liquidity risks; regularly assessing the Group's overall risk profile and emerging risk themes; hearing directly from the CRO and regularly reviewing the consolidated risk report; receiving reports on the Group's operational and technology capability and IT resilience; recommending the Group's strategies for non-performing exposures management and reviewing the risk aspects of NPE sales. The Committee also reviewed and recommended the ICAAP, the ILAAP and the Recovery Plan.

The Committee identified the current and potential impact of key issues and themes on the Group's risk profile and performed deep dive discussions in order to better understand and provide guidance to the management. Deep dive discussions concentrated on the new lending processes as well as the Information Security Operating Model. The Integrated Risk Identification Framework was discussed at length. Further the Committee discussed and approved or recommended for approval a number of restructurings and contractual or non-contractual write-offs.

The RC discussed and approved the RC calendar for 2020 and undertook the following key activities:

5. Board Committees (continued)

5.4 Risk Committee (continued)

Matters considered and action taken by the RC in 2020

Risk Strategy and Management	<ul style="list-style-type: none"> • Risk Appetite Framework; • ICAAP/ILAAP/Risk Quantification; • Capital Plan updates and MREL Funding Plan; • Charter and Budget of Risk Management Division; • Financial Plan Risk Assessment; • Trades for NPE portfolio; • RMD Strategy; • Bank's actions in relation to Covid-19; • Economic capital calculation. 	<ul style="list-style-type: none"> • Significant revision and calibration of Risk Appetite Framework. • Approval of sale transactions of NPE portfolio. • Examined and monitor Bank's response to the COVID-19 pandemic. • Reviewed and challenged ICAAP and ILAAP scenarios and output.
Operational Risk	<ul style="list-style-type: none"> • Business continuity; • Third Party Risk Management; • Fraud Risk Management; • Reputational Risk Management. 	<ul style="list-style-type: none"> • New Fraud System (EFRM system). • Enhancements/Developments on RCSA & Risk Actions.
Credit Risk / Credit Risk Control & Monitoring	<ul style="list-style-type: none"> • Credit Portfolio overview; • Asset Quality Target Setting; • Credit Exposures greater than €100m; • Single Name concentration plan; • Provisions for all quarters; • Credit Risk Control and Monitoring: <ul style="list-style-type: none"> - Review of portfolio under moratorium; - Performance of the NPE & Forborne Mechanism; - Monitoring of major risks areas of portfolio. 	<ul style="list-style-type: none"> • Focus on portfolio quality. • Revision of approval limits. • Covid solutions. • Adjusted provisioning process to account for Covid.
Market / Liquidity Risk	<ul style="list-style-type: none"> • Credit Limits (counterparty & country); • Market Risk Limits; • Levels for Market Risk Related Limits. 	<ul style="list-style-type: none"> • Continuous monitoring of market developments on bonds exposure/especially on Cyprus government bonds.
Other Areas of Focus	<ul style="list-style-type: none"> • Shipping /Syndication Portfolio; • Recovery Plan; • REMU real estate portfolio; • RRD performance; • Property Risk; • Data Governance Framework. 	<ul style="list-style-type: none"> • Monitored progress, performance and quality of Shipping and syndicated lending portfolio. • Maintained oversight on data governance process. • Monitored disposal of Banks repossessed real estate portfolio.

5. Board Committees (continued)

5.4 Risk Committee (continued)

Matters considered and action taken by the RC in 2020 (continued)

Governance	<ul style="list-style-type: none"> • Terms of Reference of the Committee, Credit Committees; • Review of the effectiveness of the Committee; • Appraisal of the Chief Risk Officer and the Information Security Manager; • Review of the RC reports of material subsidiaries; • Review of all policies. 	<ul style="list-style-type: none"> • Revision of RC Terms of Reference. • Reshaped the focus and priorities of the RC agenda.
Information Security	<ul style="list-style-type: none"> • Information Security Reports; • Information Security Risk Assessment Framework; • Risks Thresholds for better governance; • Security controls maturity/associated remediation program. 	<ul style="list-style-type: none"> • Monitoring the redesigned KRIs to more effectively measure significant security pillars and optimise RAS thresholds. • Monitoring of Information Security Incidents. • Emphasis given on empowering Information Security to better fulfil its role and provide added value to the Bank. • Monitoring of Information Security regulations and Bank's progress.
Regulatory communication	<ul style="list-style-type: none"> • Emphasis on quality reporting to the ECB; • Follow up of SREP and on-site inspections; • Review of regulatory Correspondence. 	<ul style="list-style-type: none"> • Maintaining close monitoring on regulatory matters.

The chairperson of the Committee reported to the Board after each meeting to ensure all directors were fully informed of the Committee's activities.

5.5 Technology Committee

The Committee held 10 meetings during 2020 at BOC PCL level. The chairperson and members of the Committee together with their attendance at meetings are shown below.

Member attendance in TC meetings in 2020:

Lyn Grobler (Chair)	10/10
Anat Bar-Gera (resigned 25 May 2020)	3/4
Michael Heger	10/10
Ioannis Zographakis	10/10
Paula Hadjisotiriou (appointed 1 June 2020)	5/5
Arne Berggren (appointed 1 June 2020)	5/5

The purpose of the TC is to assist the Board of Directors in fulfilling its oversight responsibilities with respect to the overall role of technology in executing the business strategy of the Group including, but not limited to, major technology investment, technology strategy, operational performance, and technology trends that may affect the Group's client portfolio and/or affairs in general.

5. Board Committees (continued)

5.5 Technology Committee (continued)

The Committee has delegated authority by the Board of Directors and is responsible to:

- Review and approve the Group's technology planning and strategy within the overall strategy framework approved by the Board;
- Review and approve significant technology investments and expenditures as per the Committee and limit structures approved by the Board, provided they do not fall within the limits that are reserved for the Board;
- Monitor and evaluate existing and future trends in technology that may affect the Group's strategic plans, including monitoring of overall industry trends;
- Oversee the performance of the Group's technology operations including, among other things, project delivery, technical operations technology architecture and the effectiveness of significant technology investments;
- Oversee the application of Information Security policies;
- Perform any other activities consistent with these terms of reference, the Group's compliance framework and other delegated authorities by the Board of Directors.

Notwithstanding the above, responsibility for the oversight of risks associated with technology, including risk assessment and risk management, remains with the RC.

The Committee monitored the progress of the digitisation transformation of the Bank and reviewed Key Performance Indicators focused on measuring the increase of usage of digital channels. Adoption rate stood at 73.9% towards year end. A presentation of the new Digital brand of the Bank 'CYON' the umbrella brand which will encompass all digital offering of the Bank was made to the members of the Committee. The projects running in the IT function were monitored to ensure they stayed within reasonable deadlines. The Digital Transformation of the insurance subsidiaries was also reviewed and monitored on a six-monthly basis.

The Committee reviewed the Annual Information Security Report of 2019 and was informed on the key challenges and the progress made on the InfoSec operating model.

External consultants were engaged to assess the mobile application of the Bank and the Committee was informed on the results. Finally, the TC followed-up on the ECB on-site inspection of IT function with focus on Disaster Recovery and Business Continuity.

The chair of the Committee reported to the Board after each meeting to ensure all directors were fully informed of the Committee's activities.

5.6 Ethics, Conduct and Culture Committee

The Committee held 11 meetings during 2020 at BOC PCL level. The chairperson and members of the Committee together with their attendance at meetings are shown below.

Member attendance in ECCC meetings in 2020:

Ioannis Zographakis (Chair)	11/11
Lyn Grobler (stepped down 31 May 2020)	4/4
Maria Philippou	11/11
Panicos Nicolaou (stepped down 31 May 2020)	2/4
Michael Heger (appointed 1 June 2020)	6/7
Maksim Goldman (appointed 1 June 2020)	6/7

5. Board Committees (continued)

5.6 Ethics, Conduct and Culture Committee (continued)

The role of the Committee is:

- To support the Board in promoting its collective vision of values, conduct and culture;
- To oversee management's efforts to foster a culture of ethics and appropriate conduct within the Group;
- To oversee the way the Group conducts business focusing on developing a customer-centric culture with an eye on profitability in all its operations; and
- To oversee the Group's conduct in relation to its corporate and societal obligations, including setting the direction and policies for the Group's approach to customer and regulatory matters.

The Committee focuses on providing oversight of key ethics matters and the workings of the Disciplinary Committee, on decision-making about matters of conduct and reputational risk and on handling issues of Corporate Social Responsibility with the aim of building and maintaining the right risk, control, customer-centric and economic prosperity culture.

The Committee supported management's initiative to set up a project team comprised of members of the three control functions, HR and business lines whose purpose is to develop an ethics program and align organisational culture with strategic objectives. Under the guidance of the Committee several workstreams were created to redesign performance appraisals, enrich policies and procedures, create a risk culture dashboard and enhance the risk and control culture across the Group.

The Committee further supported the initiative to shift from Corporate Social Responsibility, a key leadership point for the Bank of Cyprus – to Corporate Citizenship and Sustainability to emphasize that the Bank's role in society is 'Beyond banking'. This shift in strategy will provide transparency in all aspects of the Company's business, including its efforts for a positive impact on society and the environment, through the published Annual Corporate Responsibility Report.

The Committee was briefed on the IDEA Innovation Centre – a Beyond banking initiative of the Group which is an incubator - accelerator for start-ups and an entrepreneurship hub for young entrepreneurs and expressed its support for the continued success of the initiative.

The Committee monitors compliance with the Code of Conduct and reviews disciplinary controls and measures of the Group as presented by HRD on an annual basis.

The chairperson of the Committee reported to the Board after each meeting to ensure all directors were fully informed of the Committee's activities.

6. Remuneration Policy Report

The Remuneration Policy Report was prepared by the Board following a proposal by the HRRC in accordance with Annex 1 of the CSE Code and the UK Code. It is presented in the 2020 Annual Financial Report of the Group, after the Corporate Governance Report. Information on the remuneration of the members of the Board for the year 2020 is disclosed in Note 50 of the Consolidated Financial Statements of the Group, as well as in the Remuneration Policy Report.

7. Shareholder Relations

A priority of the Group is to communicate with shareholders. The responsibilities of the Chairperson include ensuring effective communication with shareholders and ensuring that directors develop an understanding of the views of major investors. Investor Relations Department has primary responsibility for managing and developing the Group's external relationship with existing and potential institutional investors and analysts. The Chairperson, the SID, the CEO, the Executive Director Finance and the Manager Investor Relations engage extensively with existing shareholders and potential new investors during individual or group meetings and on roadshows and investor conferences. All meetings with shareholders are conducted in such a way as to ensure that price sensitive information is not divulged.

Mrs Annita Pavlou, Manager Investor Relations Department, has been appointed by the Board as Investor Relations Officer, responsible for the communication between shareholders and the Group since 30 August 2016. Information concerning the Group is provided to shareholders, prospective investors, brokers and analysts in a prompt and unbiased manner free of charge.

7. Shareholder Relations (continued)

The Group uses its website (www.bankofcyprus.com) to provide shareholders and potential investors with recent and relevant financial information, including the annual, the mid-year financial report and quarterly results, announcements and presentations. The Investor Relations section of the Group's website is updated with all announcements published on the LSE and CSE as these are made. It also contains contact details for the Investor Relations Department.

Directors receive an investor relations update from management at all scheduled Board meetings. This update typically includes market updates, share price and valuation analysis, updates on analysts' reports and share register analysis.

One of the responsibilities of the Chairperson of the Board is to ensure that the views, issues and concerns of shareholders are effectively communicated to the Board and to ensure that directors develop an understanding of the views of major investors. The Board considered the views of major shareholders on company strategy and performance and assessed investor sentiment more broadly in conjunction with the Group's corporate brokers. The SID, Ioannis Zographakis, is available to shareholders if they have concerns that are not resolved through the normal communication channels.

All shareholders of the Company are treated on an equal basis. There are no shareholders with special control rights. Shareholders are promptly and accurately informed of any material changes regarding the Group, including its financial condition, financial results, ownership and governance.

Under the Irish Companies Act 2014, one or more members holding at least 3% of the issued share capital of the Company, representing at least 3% of the total voting rights of all the members who have a right to vote at the meeting to which the request for inclusion of the item relates, has the right to: (a) put an item on the agenda of the AGM provided that the item has been accompanied by stated grounds justifying its inclusion or a draft resolution to be adopted; and (b) to table a draft resolution for an item on the agenda of a general meeting. Such a request must have been received by the Company at least 42 days prior to the relevant meeting.

Any change or addition to the Articles of Association of the Company is only valid if approved by special resolution at a meeting of the shareholders.

Major shareholders do not have different voting rights from those of other shareholders. As at 31 December 2020, the Company has been advised of the following notifiable interest in the share capital of the Company:

• Lamesa Investments Limited	9.27%
• Caius Capital	9.59%*
• European Bank for Reconstruction and Development	5.02%
• Cyprus Popular Bank Public Co Ltd	4.81%
• Senvest Management LLC	4.38%
• Eaton Vance Management	3.50%

* Financial Instruments with similar economic effect according to Regulation 17(1)(b) of the Transparency (Directive 2004/1109/EC) Regulations 2007 of Ireland as amended.

In accordance with the Company's Constitution, at the Company's AGM in 2020:

- The Directors were authorised to allot up to an aggregate of 147,245,978 ordinary shares of €0.10 each; and a further 147,245,978 ordinary shares of €0.10 each in the case of a pre-emptive issue (as described in the notice for that general meeting);.
- The Directors were authorised to issue and allot those shares as if the pre-emption provisions set out in section 1022 of the Companies Act 2014 are dis-applied in respect of:
 - (i) in the case of a pre-emptive issue, the aggregate number of ordinary shares of €0.10 each authorised to be issued pursuant to such issue (as described in the notice for that general meeting); and (ii) 22,309,997 ordinary shares of €0.10 otherwise than (i); and
 - a further 22,309,997 ordinary shares of €0.10 each for specified transactions.

7. Shareholder Relations (continued)

- the Directors were also authorised to issue, allot, grant options over or otherwise dispose of Additional Tier 1 (“**AT1 ECNs**”) and ordinary shares pursuant to the conversion or exchange of AT1 ECNs provided that this be limited to the issue, allotment, grant of options over or other disposal of ordinary shares of an aggregate nominal amount €6,662,999 and of AT1 ECNs convertible or exchangeable into ordinary shares up to such maximum aggregate nominal amount and the pre-emption provisions set out in section 1022 of the Companies Act 2014 in respect of this authority were dis-applied.
- The Directors were also authorised to make purchases of up to 44,619,993 ordinary shares. Such purchases may be made only at price levels which the directors considered to be in the best interests of the shareholders generally, after taking into account the Company’s overall financial position. In addition, the minimum price which may be paid for such shares shall not be less than the nominal value of the shares and the maximum price will be the higher of 105% of the average market price of such shares and the amount stipulated by Article 5(1) of the EU Market Abuse (Buyback and Stabilisation) Regulation.

The authority conferred in each of the above resolutions expires on the earlier of close of business on the date of the AGM of the Company to be held in 25 May 2021 or on 25 August 2021.

The AGM was held on 26 May 2020 at the Company’s headquarters with shareholders having the ability to listen to the meeting by electronic means and the ability to vote by either submitting a proxy form in advance of the meeting or by using the electronic voting facility. The Chairperson of the Board (who is also the chair of the NCGC) and the chairpersons of the committees of the Board were present to hear the views of the shareholders and answer questions. As is the practice, all directors of the Board at the time of the AGM attended the AGM. At the 2019 AGM, separate resolutions were proposed on each substantially separate issue and voting was conducted by poll. To facilitate shareholder participation, electronic voting is available. Votes are taken by way of a poll to include all shareholder votes cast.

The results of every AGM of the Company including details of votes cast for and against on each resolution are posted on the Group’s website (www.bankofcyprus.com) and released to the London and Cyprus Stock Exchanges.

There was one resolution for which a negative vote of more than 20% was cast. However, given that the particular views of the shareholders on this matter were known and particular actions had previously been announced on 18 April 2020, there was no corresponding announcement following the announcement of the voting results.

The Board values the AGM as a key opportunity to meet shareholders. The 2020 AGM of the Company is scheduled to be held on 25 May 2021. Should circumstances and measures in place relative to the pandemic allow it, the whole Board is expected to attend and will be available to answer shareholders’ questions.

Remuneration Policy Report for the year 2020

1. Introduction

In accordance with the provisions of the CSE Code published by the CSE (5th Edition (Revised) January 2019) and in particular Annex 1 of the CSE Code, the HRRC prepares the Annual Board of Directors' Remuneration Policy Report which is ratified by the Board and submitted to the shareholders' AGM as part of the Annual Report of the Group. The Board of Directors Remuneration Policy Report for the year 2020 was ratified by the Board on 29 March 2021.

The Bank of Cyprus Group's objective to attract, develop, motivate and retain high value professionals is considered fundamental in achieving the goals and objectives of the Group and ensuring that the right people are in the right roles whilst managing the Group's remuneration strategy and policies in a manner aligned with the interests of the Group's shareholders.

2. Human Resources and Remuneration Committee

The Committee's primary role is to ensure that staff members contribute to sustainable growth by staying ahead of challenges and opportunities.

The Group aims to review its remuneration policies and practices on an ongoing basis and amend them where necessary, in order to ensure that they are consistent with and promote sound and effective risk management.

Every year, the Committee proposes to the Board the Annual Remuneration Policy Report as part of the Annual Report of the Group, which is submitted to the shareholders' AGM. The Committee also reviews the related party transactions note (Note 50) of the Consolidated Financial Statements of the Group and the Remuneration Policy Report itself.

2.1 Terms of Reference of the Human Resources and Remuneration Committee

The role of the Committee is described in detail in section 5.2. of the Annual Corporate Governance Report on page 304. In respect of remuneration the HRRC undertakes the following:

- To propose adequate remuneration considered necessary to attract and retain high value-adding professionals;
- To consider the remuneration arrangements of the executive directors of the Group, senior management and the Group Remuneration policy bearing in mind the European Banking Authority ('EBA') Guidelines on remuneration policies and practices, the CBC Governance Directive, the CSE Code; the UK Code and any other applicable or regulatory requirements; and
- To review the implementation and effectiveness of the Remuneration Policy and ensure this is in compliance with the Remuneration Framework of the CBC Governance Directive.

The Committee ensures that internal control functions are involved in the design, review and implementation of the Remuneration Policy and that staff members who are involved in the design, review and implementation of the Remuneration Policy and practices have relevant expertise and are capable of forming independent judgement on the suitability of the Remuneration Policy and practices, including their suitability for risk management.

The Group's aim is to align its Remuneration Policy and human resources practices, with its long term objectives, its risk tolerance, capital and liquidity availability, the interests of its shareholders and ensure that they are consistent with and promote sound and effective management of risk and do not encourage excessive risk-taking.

In developing its Remuneration Policy, the Group takes into account the provisions that are included in the CSE Code, the CBC Governance Directive which came into effect in August 2014 and incorporated the requirements for Remuneration Policies included in the European Capital Requirements Directive ('CRD IV') and the EBA Guidelines on sound remuneration policies issued in December 2015, as well as regulatory restrictions currently pertinent to the banking sector and the Group in particular.

The Committee reviews and approves the content of any resolutions submitted for approval at the AGM of the shareholders, which are prepared by the Company Secretary in cooperation with the Group's legal advisers in accordance with Annex 3 of the Code which may concern possible plans for the compensation of members of the Board in the form of shares, share warrants or share options.

Remuneration Policy Report for the year 2020 (continued)

2. Human Resources and Remuneration Committee (continued)

2.1 Terms of Reference of the Human Resources and Remuneration Committee (continued)

Senior Management

The Committee reviews and approves remuneration packages of Group divisional directors, senior managers and subsidiaries' general managers, including salary, pension policy, option plans, and other types of compensation, recommended by the CEO or by the chairpersons of the Risk and Audit Committees (in the case of the heads of internal control functions) in consultation with the CEO and HRD.

The Committee also reviews the performance appraisals of Group divisional directors (except heads of internal control functions). Senior managers and subsidiaries' general managers' appraisals are performed by the CEO.

The Committee reviews and approves appointments, transfers and dismissals of Group divisional directors, senior managers and subsidiaries' general managers (except heads of internal control functions), recommended by the CEO, and ensures that all contractual obligations are adhered to.

The chairperson of the Committee is available to shareholders in the AGM to answer any questions regarding the Remuneration Policy of the Group. Workforce engagement is described in section 5.2 of the Annual Corporate Governance Report.

3. Governance of Group Remuneration Policy

3.1 Principles of the CSE Code of Corporate Governance

Companies should implement official and transparent procedures for developing policies concerning the remuneration of executive directors and fixing the remuneration of each Board member separately.

The level of remuneration should be sufficient to attract and retain talent required for the efficient operation of the Company. Part of the remuneration of executive directors should be determined in such a way as to link rewards to corporate and individual performance. Resolution, or any other authority allowing, variable pay should be linked to performance.

The Company's Corporate Governance Report includes a statement of the Remuneration Report and relevant criteria, as well as the total remuneration of the executive and non-executive members of the Board.

3.2 EBA Guidelines

The EBA Guidelines aim to ensure that an institution's remuneration policies and practices are consistent with and promote sound and effective risk management. The Group seeks to ensure it implements remuneration policies which are in compliance with regulatory guidelines, while at the same time operating under legal and regulatory constraints.

In accordance with EBA guidelines for identification of those employees whose professional activities are deemed to have a material impact on the Group's risk profile, the Group maintains a list of these employees known as Material Risk Takers which is reviewed and approved by the Board annually.

4. Remuneration

4.1 Remuneration of Non-executive Directors

The remuneration of non-executive directors is not linked to the profitability of the Group. It is related to the responsibilities and time devoted for Board meetings and decision-making for the governance of the Group, and for their participation in the committees of the Board and any participation in the boards of Group subsidiary companies. The shareholders' AGM held on 26 May 2020 approved the same levels of remuneration as those approved by the shareholders' AGM on 14 May 2019. They also approved remuneration for the members and chairperson of the Ethics, Conduct and Culture Committee established in November 2019.

Remuneration Policy Report for the year 2020 (continued)

4. Remuneration (continued)

4.1 Remuneration of Non-executive Directors (continued)

The remuneration of non-executive directors is determined and approved by the Board. Neither the Chairperson nor any director participates in decisions relating to their own personal remuneration. The Committee proposes fees payable to the Chairperson and the Vice-Chair, while the Chairperson makes recommendations for the remuneration of the non-executive directors to the Board for approval by the AGM, considering the following factors:

- The time allocated and effort exerted by non-executive directors to meetings and decision-making in the management of the Group;
- The undertaken level of risk;
- The increased compliance and reporting requirements;
- The requirement not to link remuneration of non-executive directors to the profitability of the Group;
- The requirement that non-executive directors do not participate in the pension schemes of the Group;
- The requirement not to include variable remuneration or share options as remuneration of non-executive directors.

Neither the Chairperson nor any non-executive directors received any performance related remuneration. The remuneration of the non-executive directors is set out below:

Position	Annual Remuneration (€000)
Chairperson	120
Vice-Chair	80
Senior Independent Director	70
Non-Executive Members	45
Chairpersons	
Audit Committee	45
Risk Committee	45
Human Resources and Remuneration Committee	30
Nominations and Corporate Governance Committee	30
Technology Committee	30
Ethics, Conduct and Culture Committee	30
Membership	
Audit Committee	25
Risk Committee	25
Human Resources and Remuneration Committee	20
Technology Committee	20
Ethics, Conduct and Culture Committee	20
Nominations and Corporate Governance Committee	15

Additionally, the Group reimburses all directors for expenses incurred in the course of their duties.

Remuneration Policy Report for the year 2020 (continued)

4. Remuneration(continued)

4.1 Remuneration of Non-executive Directors (continued)

The non-executive directors have letters of appointment which can be inspected during normal business hours by contacting the Company Secretary.

4.2 Remuneration and Other Benefits of Executive Directors

The Committee reviews and approves the remuneration packages vis-a-vis their performance. In line with the UK Code the following factors are also considered: clarity, simplicity, risk, predictability and proportionality and finally alignment to culture. The CEO is an employee of BOC PCL. The First Deputy CEO (FDCEO) was also an employee of BOC PCL until his resignation in October 2020.

As executive directors do not receive any variable remuneration at all, by virtue of the restrictions currently in place, this makes their annual remuneration fully predictable.

Contracts of Employment

The remuneration (salary and bonus) of executive directors is set out in their employment contracts which have a maximum duration of five years, unless any of the executive directors is an appointed member of the senior management team, in which case the terms of employment are based on the provisions of the collective agreement in place, excluding the CEO.

The employment contract of the CEO is for a period of five years commencing on 1 September 2019.

The Group at present does not grant guaranteed variable remuneration or discretionary pension payments.

Service Termination Agreements

The employment contract of Panicos Nicolaou includes a clause for termination, by service of six months' notice to that effect by either the executive director or BOC PCL, without cause and BOC PCL also maintains the right to pay to the executive director six month's salary in lieu of notice for immediate termination. There is an initial locked-in period of three years during which no such notice may be served either by BOC PCL or the executive director unless there is a change of control of BOC PCL as this is defined in the service agreement whereupon the executive director may serve the notice and is further entitled to compensation as this is determined in the service agreement.

The terms of employment of Dr Patsalides, FDCEO and executive member of the Board, were mainly based on the provisions of the collective agreement in place, which provided for notice or compensation by the BOC PCL based on years of service and for a four month prior written notice by the executive director in the event of a voluntary resignation. His compensation was customised to reflect his tenure, seniority and early retirement.

Bonus

No bonus was recommended by the Company's Board for executive directors for 2020.

Retirement Benefit Schemes

The CEO participates in a defined contribution plan largely on the same basis as other employees. The FDCEO participated in a defined contribution plan on the same basis as other employees.

The main characteristics of the retirement benefit schemes are presented in Note 14 of the Consolidated Financial Statements for the year ended 2020.

Share Options

No share options were granted to the executive directors during 2020.

Other Benefits

Other benefits provided to the executive directors include other benefits provided to staff, medical fund contributions and life insurance. The relevant costs for the executive directors and other executive management are disclosed in Note 50 of the Consolidated Financial Statements for the year ended 2020.

Remuneration Policy Report for the year 2020 (continued)

5. Information Regarding the Remuneration of Directors for Year 2020

	Remuneration for services* €	Remuneration for participation in the Board of Directors and its Committees €	Total remuneration for services €	Remuneration and benefits from other Group companies €	Remuneration in the form of profit and/or bonus distribution €	Assessment of the value of benefits that are considered to form remuneration €	Total remuneration and benefits €	Annual contribution to retirement benefits €
Executive Directors								
Panicos Nicolaou	530.574		530.574			6.435	537.009	40,000
Christodoulos Patsalides	214.921	-	214.921	-	-	6,292	221,213	15.037
Non-Executive Directors								
Takis Arapoglou		153.956	153.956				153.956	
Maksim Goldman	-	116.691	116.691	-	-	-	116.691	-
Arne Berggren	-	112.049	112.049	-	-	-	112.049	-
Anat Bar-Gera		35.335	35.335				35.335	
Lyn Grobler		135.302	135.302				135.302	
Paula Hadjisotiriou		109.474	109.474				109.474	
Michael Heger		117.181	117.181	-	-	-	117.181	-
Maria Philippou	-	102.150	102.150	-	-	-	102.150	-
Ioannis Zographakis	-	206.901	206.901	-	-	-	206.901	-
	745.495	1.089.039	1.834.534	-	-	12,727	1,847,261	55,037

* Includes employers' contributions excluding contributions to retirement benefits.

29 March 2021